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Progress report on the UNDP-UNCDF strategic partnership*

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* The compilation of data required to provide the Executive Board with the most current information has delayed submission of the present report.

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I. Background

1. At its first regular session 2006, the Executive Board, in its decision 2006/4, requested "the Administrator [of UNDP] and the Executive Secretary [of UNCDF] to work closely to finalize a memorandum of understanding between the two organizations setting forth the key elements of their strategic, operational and financial partnership, and report their arrangements to the Board at its annual session in June 2006".

2. At the annual session 2006, the Board, in its decision 2006/15, reviewed the progress that UNDP and UNCDF had made toward their strategic partnership and requested the two organizations to continue their joint efforts. Specifically, the Board requested that UNDP and UNCDF explore ways to "cooperate on strategic planning, funding, programming arrangements and the results framework in the context of the preparation of the UNDP MYFF for the period 2008-2011".

3. In September 2006, UNCDF presented a detailed "Proposed cooperation framework for UNDP and UNCDF in the context of the UNDP MYFF, 2008-2011". In November 2006, after considering the recommendations and conclusions of the High-level Panel on System-wide Coherence, UNDP and UNCDF agreed that the basic elements of the cooperation framework suggested by UNCDF should form the basis for integrating the work of UNCDF into the UNDP strategic plan, 2008-2011.

4. At the first regular session 2007 of the Executive Board, UNDP and UNCDF jointly presented a "Proposed partnership framework for UNDP and UNCDF". At that meeting, the Executive Board, in decision 2007/8, requested UNDP and UNCDF to "further develop this partnership, particularly with respect to the preparation of the UNDP strategic plan 2008-2011, the programming arrangements and the biennial support budget, to aim for the achievement of the strategic and operational objectives presented in the report". In addition, the Executive Board requested "the Administrator [of UNDP] and the Executive Secretary [of UNCDF] to …report progress at the annual session 2007".

II. UNCDF and the UNDP strategic plan

5. Since the first regular session 2007 of the Executive Board, UNDP and UNCDF have worked closely together to integrate the contributions from the two UNCDF practice areas (local development and microfinance) into the UNDP strategic plan. Throughout the process, UNCDF has worked closely with the Associate Administrator, the Strategic Management Team, the Operations Group, the poverty, governance, and capacity development practices of the Bureau for Development Policy (BDP), the Bureau for Crisis Prevention and Recovery, Bureau for Resources and Strategic Partnerships (BRSP), and the regional bureaux, among others. UNDP and UNCDF believe that the strategic plan will properly reflect the contributions of UNCDF once it has been completed and adopted by the Executive Board.

6. The current draft of the strategic plan reflects the contributions of UNCDF in the poverty reduction, democratic governance, and crisis prevention and recovery focus areas. The development outcomes specifically related to the activities of UNCDF in each of those focus areas are set forth in tables 1-3, opposite.

Table 1[1]. Poverty reduction and achievement of the MDGs outcomes

1. Promoting inclusive growth, gender equality and the achievement of the MDGs.
1.6. Strengthened capacities of local governments and other stakeholders to foster participatory local development and support the achievement of the MDGs.
1.7. Policies, strategies and partnerships established to promote private sector and market development that benefit the poor and ensure that low-income households and small enterprises have access to a broad range of financial and legal services.

Table 2. Democratic governance outcomes

2. Strengthening responsive governing institutions.
2.1. National, regional and local levels of governance expand their capacities to manage the delivery of public goods and services, to regulate markets in an inclusive and equitable way, and to reduce conflict.
2.2. Inclusive legislatures, regional elected bodies, and local assemblies represent the interests of all persons.

Table 3. Crisis prevention and recovery outcomes

2. Post-crisis governance functions strengthened for recovery.
2.1. Post-crisis governance capacity strengthened, including measures to ensure the reduction of future vulnerabilities.
3. Restoring the foundations for development at local level.
3.1. Community security and social cohesion at local level restored.
3.2. Post-crisis economic revival and employment generated; crisis affected groups returned and reintegrated.

7. The above development outcomes will thus fully incorporate the activities and development results achieved in the UNCDF practice areas while also fully respecting the unique investment mandate of UNCDF, its focus on the least developed countries (LDCs), and its unusual institutional character and status. In addition, UNCDF has proposed specific outcome indicators and targets for the key development outcomes set forth in the poverty reduction area as related to the activities of UNCDF. The proposed outcome indicators and targets are set forth in annex 1. UNDP and UNCDF believe that they, or similar outcome indicators, will be used to measure results in connection with the development outcomes associated with the UNCDF practice areas in the strategic plan.

8. Accordingly, UNDP and UNCDF believe that the two organizations have made substantial progress towards integrating the contributions of UNCDF into the UNDP strategic plan. At the same time, considerably more work remains to be done to further define the human and financial resources that will be required to achieve the joint development outcomes, as well as to finalize a variety of related programming, operational, and funding issues.

III. Joint programming and joint resource mobilization

9. To achieve the strategic and operational objectives of their partnership, UNDP and UNCDF have begun to explore ways to integrate their programming, management and financial arrangements more fully. The two organizations have undertaken this exploration with a view to (a) improving the efficiency and effectiveness of their collaboration, (b) enhancing their combined development impact in the LDCs and other developing countries, (c) assuring more predictable and stable funding for UNCDF investment activities in the LDCs, (d) assuring more equitable burden-sharing among donor Member States, and (e) achieving greater coherence, simplicity and harmonization within the United Nations system.

[1] Information in tables 1, 2 and 3 is drawn from the draft UNDP strategic plan, 2008-2011.

10. To those ends, UNDP and UNCDF have agreed that the primary modality for working together at the country level will be joint programmes between the two organizations. UNDP and UNCDF have also agreed that joint programmes in the UNCDF practice areas in the LDCs will be formulated within the overall United Nations Development Assistance Framework (UNDAF) and country programme action plan (CPAP) agreed upon with the respective national Government for country-level United Nations programming. The joint programmes would be directly related to the development outcomes set forth in the UNDP strategic plan.

11. The joint programme modality will require that UNDP and UNCDF modify the way the institutions collaborate so that their programming activities conform to the joint programme policies and procedures agreed to by the United Nations Development Group (UNDG). Those policies and procedures are described in the UNDG guidance note on joint programming[2] issued in December 2003.

12. The guidance note defines joint programmes as activities "contained in a common work plan and related budget, involving two or more United Nations organizations and (sub)national partners." For the purposes of the guidance note and joint programmes generally, it has been determined that UNCDF is a "United Nations organization" and should therefore be afforded the same status as any other United Nations organization with respect to joint programme issues.

13. The guidance note provides different funding modalities for funding and managing joint programmes.[3] UNDP and UNCDF have already begun to use the pass-through funding modality on several joint programmes in several countries. Under that modality, UNDP and UNCDF agree to a joint programme document setting forth the respective roles and responsibilities of each organization, along with programme objectives, strategy, results, and a budget, among other items. An Inter-agency memorandum of understanding is then used to designate the administrative agent (which is usually UNDP) and a letter of agreement is utilized with donors who are interested in sharing the costs of the joint programme. The letter of agreement and the related memorandum of understanding stipulate that UNCDF will receive, disburse, and manage funding for all capital investments and international technical advisory support, while UNDP will receive, disburse, and manage funding for national capacity-building and policy-related activities. That clear articulation of roles and responsibilities ensures that programmatic synergies are achieved based on the mandate, expertise, and comparative advantage of each organization.

14. As programming between UNDP and UNCDF increasingly moves to a joint programme structure, UNDP and UNCDF have concluded that resources to support the activities should be mobilized jointly, particularly at the country level. This is because joint programmes will be contained in the UNDAFs and CPAPs at the country level and will be aligned with and part of the UNDP strategic plan. Further, the two organizations will essentially be managing the programmes together and will be jointly responsible for development and management results. That will require UNDP and UNCDF to approach resource mobilization for the benefit of the joint programme, and to present a 'One UN' perspective to governments and development partners.

15. The joint programme approach and the 'One UN' perspective highlight the need to address a number of operational and administrative issues related to the partnership and cooperation between UNDP and UNCDF, particularly at regional and country office levels.

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[2] English version: http://altair.undp.org/documents/3642-Finalized_Guidance_Note_on_Joint_Programming__complete_.doc
French version: http://altair.undp.org/documents/3642-Finalized_Guidance_Note_on_Joint_Programming__complete_-1.doc

[3] The choice of modality depends on a set of indicators such as e.g. the comparative advantage of each organization for managing the programmatic work.

Those issues include the need to clarify the respective roles and functions of UNDP and UNCDF staff in achieving commonly agreed development objectives and resource mobilization targets, the appropriate roles and responsibilities of resident coordinators and country directors with respect to UNCDF activities and operations at the country level, the reporting lines for UNCDF staff when they share offices with UNDP, and the need to promote and recognize the unique capabilities, technical expertise, and contributions of UNCDF as an important strategic partner for UNDP.

16. Considerable analysis remains to be done with respect to the implementation of joint programmes and joint resource mobilization between UNDP and UNCDF as broadly described here. The programming, operational, management, and financial issues are complex and varied, and many factors need to be taken into account before formal guidance can be provided or formal policies and procedures adopted. UNDP and UNCDF are working together closely to address these issues and expect to make substantial progress prior to the Executive Board meeting in September.

IV. UNCDF biennial support budget and future funding alternatives

17. Executive Board decision 2007/8 directed UNDP and UNCDF to consider the biennial support budget (BSB) in the context of the strategic and operational objectives set forth in the proposed partnership framework. Based on preliminary discussions to date regarding the financial aspects of the strategic plan, UNDP and UNCDF believe that the biennial support budget for UNCDF will continue to be included in the BSB of UNDP. Those discussions, however, are in their early stages, and a variety of factors will need to be considered before such arrangements can be finalized. UNDP and UNCDF will work closely together to assure that UNCDF has adequate funding to cover its administrative expenses in the biennial support budget associated with the strategic plan.

18. With regard to alternative structures for supporting UNCDF investment activities in the LDCs, UNDP and UNCDF have begun to explore options that would allow UNCDF to achieve more stable, predictable core funding. In discussions involving the Associate Administrator, BRSP, BDP, and the regional bureaux, UNDP and UNCDF are carefully evaluating a variety of methods that might be used to support the unique investment activities of UNCDF in the LDCs in the context of the strategic plan. Those discussions began in March, with a presentation to the Associate Administrator, and follow-up consultations and analysis are under way.

19. Providing more stable, predictable, multi-year funding to support UNCDF investment activities in the LDCs is the most difficult and important issue facing UNCDF. Such funding must be sufficient to ensure that UNCDF can properly implement the business plan that the Executive Board adopted in 2005. Further, an appropriate level of burden-sharing among donor Member States must be achieved. Because this issue is complex and directly impacts and involves every stakeholder of UNCDF, UNDP and UNCDF expect to consult broadly with a variety of stakeholders as alternative funding strategies are considered. It is expected that UNDP and UNCDF will be in a position to discuss this subject in general terms at the annual session 2007 of the Executive Board and to provide a definitive recommendation to the Executive Board at the second regular session 2007.

Annex. UNCDF investment plan and resources requirements 2008-2011

Strategic plan development focus area: Poverty reduction and achievement of the MDGs
Strategic plan key results area 1: Promoting inclusive growth, gender equality and the achievement of the MDGs
Strategic plan outcome 1.6: Strengthened capacities of local governments and other stakeholders to foster participatory local development and support of the MDGs

Indicators	Targets			
	2008	2009	2010	2011
1. No. of targeted countries where national programmes and strategies have been developed (using a sector-wide approach) for decentralization and local development to achieve the MDGs.	15 LDCs	17 LDCs	19 LDCs	21 LDCs
2. No. of targeted local governments that have the capacity for preparing MDG-based local development plans and results based budgets with all stakeholders. 3. No. of targeted local governments that have the capacity and financing to implement local development plans. 4. No. of targeted local governments that are accountable to citizens on the implementation of local development plans and budgets.	630 in 36 LDCs	660 in 39 LDCs	690 in 42 LDCs	700 in 42 LDCs
5. Percentage of local government expenditures devoted explicitly to pro-poor and gender-equitable local development investments.	TBD	TBD	TBD	TBD
6. No. of targeted countries that have an equitable fiscal transfer systems for local governments in place.	10 LDCs	20 LDCs	30 LDCs	40 LDCs

Strategic plan development focus area Poverty reduction and achievement of the MDGs
Strategic plan key results area 1: Promoting inclusive growth, gender equality and the achievement of the MDGs
Strategic plan outcome 1.7: Policies, strategies and partnerships established to promote private sector and market development that benefit the poor and ensure that low-income households and small enterprises have access to a broad range of financial and legal services

Indicators	Targets			
	2008	2009	2010	2011
1. No. of countries that have a national strategy and action plan in support of building an inclusive financial sector, developed and adopted with joint UNDP/UNCDF assistance.	19 LDCs	22 LDCs	25 LDCs	28 LDCs
2. No. of United Nations-supported financial service providers (FSPs) that provide sustainable access to financial services, out of which 'x' % have developed access to commercial sources of funding.	32 FSPs 35 %	40 FSPs 50 %	50 FSPs 65 %	60 FSPs 80 %
3. No. of active clients that have sustainable access to financial services from UNDP/UNCDF-supported FSPs, including at least 50% women.	2.1 million	3.5 million	5 million	6.3 million

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UNIFEM multi-year funding framework cumulative report, 2004-2006*

Summary

The present document is the cumulative report on three years of implementation of the UNIFEM multi-year funding framework (MYFF), 2004-2007, as approved in Executive Board decision 2004/10 and in line with decision 2004/20. The report tracks progress according to the results envisioned in the UNIFEM Strategic Results Framework, its organizational effectiveness matrix, and its integrated resources framework. The report highlights the efforts made by UNIFEM to fulfill its dual mandate of supporting countries to advance gender equality in line with national priorities and of supporting stronger action on gender equality across the United Nations development cooperation system. While the main body of the report summarizes progress to date, UNIFEM has included annexes (available on the Executive Board website) that contain innovative and catalytic examples of targeted programming in support of gender equality and women's empowerment.

Elements of a decision

The Executive Board may wish to take note of the cumulative report and recognize the UNIFEM contribution in supporting programme countries to achieve agreed development priorities, including the Millennium Development Goals (MDGs), as well as by assisting countries in linking progress on the MDGs with efforts to advance the Beijing Platform for Action and the United Nations Convention on the Elimination of All Forms of Discrimination against Women.

The Executive Board may also wish to take note of UNIFEM efforts to support implementation of the Triennial Comprehensive Policy Review (TCPR), including through: its strengthened partnership with UNDP and other United Nations organizations; its provision of technical expertise on gender equality to United Nations Development Group (UNDG) policy development and coordination mechanisms. The Executive Board may wish to note that while UNIFEM exceeded its overall resource projections, its ability to plan adequately was hampered by the absence of multi-year funding commitments and the relatively modest growth in core contributions.

In the light of ongoing discussions on strengthening the overall architecture that supports gender equality, the Executive Board may wish to encourage UNIFEM to develop its strategic plan, 2008-2011, by taking into account the results, achievements and lessons learned from its MYFF, including by identifying concrete steps that it will take to contribute to greater coherence on gender equality within the United Nations development cooperation system.

*The compilation of data required to provide the Executive Board with the most current information has delayed submission of the present report.

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I. Introduction

1. The core business of UNIFEM is to support countries to advance commitments to achieve gender equality and women's empowerment. This is one of eight globally-agreed Millennium Development Goals (MDGs), and is central to achieving all the MDGs. The commitments that countries have made are visionary and far-reaching, embodied in United Nations Member States affirmation of the Millennium Declaration, the Beijing Platform for Action, the United Nations Convention on the Elimination of All Forms of Discrimination against Women and Security Council resolution 1325.

2. The present cumulative report of the UNIFEM multi-year funding framework, 2004-2007 (MYFF) tracks contributions to progress toward gender equality. It covers the period from January 2004 to December 2006. The MYFF (DP/2004/5) is the third strategic plan, with the first spanning from 1997-1999, and the second from 2000-2003. Each plan has benefited from continued investment in promising initiatives and strategies and strengthening the direction and focus of UNIFEM support based on the changing context and lessons learned from implementation.

3. The cumulative report focuses on the extent to which UNIFEM: contributed to development effectiveness tracked according to the outcomes and indicators in its strategic results framework; achieved the performance goals and indicators in its organizational effectiveness matrix; reached its targets for income and expenditures as reflected in its integrated resources framework.

4. There are a number of elements reproduced throughout the report: (a) for each outcome area in the strategic results framework, UNIFEM presents trend information that offers indicators against which to measure organizational contributions; (b) in the lessons learned sections, UNIFEM draws on the preliminary findings of the MYFF evaluation it commissioned that will be completed in May; (c) in keeping with one of the key purposes for which UNIFEM was established, the report highlights a select number of catalytic initiatives undertaken over the past three years that have attracted interest in replication or scaling up, or that have the potential to do so.

5. The analysis and lessons from this cumulative report will become a key ingredient upon which to base the UNIFEM strategic plan, 2008-2011, which will be presented to the Executive Board for approval at its second regular session 2007.

II. Context

6. The normative environment for gender equality has improved considerably at national, regional and international levels in the past 10 years. Global and regional human rights commitments are being translated into national laws and policies. Inter-governmental decisions, from the outcome document of the five-year review of the Millennium Declaration to the Triennial Comprehensive Policy Review (TCPR) resolution (A/RES/59/250), reaffirm and strengthen national and institutional commitments to gender equality.

7. However, as *The Global Gender Gap Report 2006* produced by the World Economic Forum notes: "No country has yet managed to eliminate the gender gap." Countless other reviews of progress on gender equality demonstrate that the challenge is supporting implementation and accountability for the visionary commitments to women.

8. The ability of UNIFEM to deliver on the results for which it is accountable is influenced by three contexts:

(a) *Global and regional trends and political and socio-economic changes that have an impact on progress toward gender equality:* In 2005, the time of the 10-year review of the Beijing Platform for Action, the world hailed the election of the first woman head of state in Africa – Ellen Johnson Sirleaf, President of post-conflict Liberia – as an important symbol of progress toward gender equality. Elections in Iraq and Afghanistan in the same year resulted in 27 and 25 per cent respectively of

parliamentary seats for women. Sadly, 2005 was also the year that the world missed its first target for the MDGs – equal enrolment of girls in primary school – with sub-Saharan Africa lagging far behind. Progress toward gender equality is uneven. Globalization, migration, disease, environmental degradation, war and the terror that results from fragmentation and extremisms have inter-linking and gender-differentiated impacts. Tracking the results of these dynamics on men and women is complex. Especially given, as the United Nations report *The World's Women 2005: Progress in Statistics* notes, gender statistics do not exist in 90 per cent of the developing world.

(b) *Trends in development assistance and United Nations reform*: While normative changes have been generally positive, gender equality has not fared as well in overall trends in development assistance. The principles and practices that guide use of official development assistance are also changing, framed by the Paris Declaration and the aid effectiveness agenda. Coordination, coherence and harmonization now receive greater attention, but are not explicitly aligned with strengthening gender equality. The absence of targets or indicators on gender equality in the Paris Declaration and in United Nations reform contributes to galvanizing gender equality advocates to lobby for greater authority and resources to work on gender equality, and to devise strategies to track the impact of changes in development assistance on gender equality commitments.

(c) *Changes in the architecture that supports gender equality within the United Nations and at country level*: In 2005, as the direction of the United Nations and aid were transforming, UNIFEM intensified advocacy to stimulate debate on whether the architecture supporting gender equality has adequate capacity, positioning and resources to meet new challenges. The findings of the UNIFEM independent assessment that its consultative committee commissioned (A/60/62-E/2005/10) echoed observations and recommendations in the TCPR resolution, the High-level Panel on System-wide Coherence, the Economic and Social Council (ECOSOC) resolution on gender mainstreaming (2006/36) and numerous evaluations of support for gender equality by mainstream multilateral and bilateral organizations. Fragmentation, inadequate resources, inadequate accountability of institutions and leadership, and ad hoc implementation of normative agreements are now recognized to impede the capacity of those with technical expertise in gender equality to deliver. More than ever, tools and capacities are needed to bring together the agreements in the Beijing Platform for Action, the Convention on the Elimination of All Forms of Discrimination against Women, Security Council resolution 1325 and countless regional and national normative commitments into a single platform for implementation and for accelerating progress on the MDGs at the national level.

III. Effect of the MYFF system on UNIFEM programme support

9. Preliminary findings of the MYFF evaluation and multiple other evaluations and internal assessments suggest the following observations and lessons that point to areas needing strengthening in the upcoming strategic plan:

(a) The structure of the strategic results framework and organizational effectiveness matrix around a limited number of goals, outcomes and indicators facilitated improved internal understanding and coherence on the changes that UNIFEM is trying to support. At the same time, outcomes were too broad and the distance between outcomes and goals too great. The next strategic plan should articulate more specific goals and outcomes, particularly in the strategic results framework.

(b) The focus on implementation and accountability in the MYFF was clear, but the indicators were too static, not always relevant and UNIFEM did not systematically establish a baseline against which to track progress on key indicators. Additionally, throughout the MYFF, there was useful reporting on how UNIFEM supported formulation and passage of laws and policies, but less specific information on the successes and challenges of developing capacities in implementation and accountability. The next strategic plan could be improved with more dynamic indicators, ensuring their relevance, and investing in the establishment of a baseline against all indicators in the first year.

(c) UNIFEM invested in building internal and partner capacity in rights-based, results-based management and reporting throughout the MYFF, including by developing an internal results-based management guide and a core group of internal consultants. Outcome-based reporting improved during the MYFF cycle. But a wide-range of other actors and partners contribute to achieve outcome-level results. To better indicate what can be attributed to UNIFEM vis-à-vis others in the next cycle, UNIFEM needs to improve the framework, indicators and reporting guidelines to more accurately reflect UNIFEM and its partner's distinct contribution to results.

10. The lessons above and others emerging from the MYFF evaluation will be reflected in the UNIFEM strategic plan, 2008-2011.

IV. Development effectiveness

11. The strategic results framework uses four goals and four outcomes (annex 2). The results in the UNIFEM strategic results framework are drawn from commitments that countries have made and the priorities they have identified. Many partners contribute to results related to gender equality; when progress is made, it is because they are wholly-owned and propelled by the programme countries where UNIFEM provides support.

12. The majority of the text that follows tracks progress at the outcome level. UNIFEM also tracks macro-level changes related to its goals based on available data from other organizations. With regard to the four goals:

(a) *Reduce feminized poverty:* Poverty reduction is a central goal of the MDGs and critical to achieving gender equality. Though the share of women in wage employment in the non-agricultural sector increased in 93 out of 131 countries measured from 2000-2005, women continue to suffer from persistently higher unemployment rates than men. In sub-Saharan Africa, only 36 per cent of the non-agricultural wage workers are women. This number drops to 22 per cent in North Africa, and 18 per cent in South Asia.[1] Women in many countries remain far less likely than men to own or control productive assets like land and housing, which provide economic security, incentives for taking economic risks that lead to growth and important economic returns.[2] UNIFEM contributed to reducing feminized poverty by supporting home-based workers to organize for better legal protections in South Asia; by bringing source and destination countries together to strengthen labour protection for migrant women workers in Asia and Arab States; by advocating for attention to women's unpaid care work in the context of the HIV/AIDS pandemic in Africa; and by mainstreaming gender equality in land reform processes in Central Asia.

(b) *Ending violence against women:* The multiple manifestations of violence that women face simply because they are female are highlighted in the *In-depth study on all forms of violence against women* (A/61/122/Add.1) conducted by the Secretary General. Globally, physical violence inflicted by an intimate partner is the most common form of violence faced by women. A recent World Health Organization survey of 24,000 women in 10 countries found the prevalence of lifetime physical and/or sexual violence by an intimate partner varied from 15 per cent in urban Japan to 71 per cent in rural Ethiopia, with a number of countries in the 40 to 60 per cent range. UNIFEM contributed to ending violence against women through managing the United Nations Trust Fund to End Violence against Women, by supporting partners to strengthen legal protection for women survivors in 35 countries, and through convening United Nations system partners to engage in advocacy and coordinated action at global and regional level.

(c) *Reducing the spread of HIV/AIDS among women and girls:* The feminization of the HIV/AIDS pandemic continues unabated. In sub-Saharan Africa, the hardest hit region in the world, women

[1] Millennium Project (2005) *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals.*
[2] Caren Grown (2006) *Quick Impact Initiatives for Gender Equality: A Menu of Options.*

comprise 59 per cent of the 24.7 million persons infected.[3] Unequal gender relations, especially when combined with poverty, economic dependency or vulnerability, limit women's ability to demand safe sexual practices and/or security. UNIFEM contributed to reducing HIV/AIDS among women and girls by working with the Joint United Nations Programme on HIV/AIDS (UNAIDS), UNDP, UNFPA, the United Nations Children's Fund (UNICEF) and the Global Coalition on Women and AIDS to strengthen positive women's networks; fund innovative approaches that address the inter-linkages of HIV/AIDS and violence against women; identify practical strategies for mainstreaming gender equality into the 'Three Ones'.

(d) *Achieving gender equality in democratic governance:* Whether in fragile or stable states, women's ability to participate equally with men in governance is only just beginning to improve. Data compiled by the Inter-Parliamentary Union as of February 2007 found that worldwide, 17 per cent of Members of Parliament are women.[4] This represents a growth of 1.9 per cent from December 2003. By 2007, only 27 countries had met the 1990 target set by ECOSOC of having 30 per cent or more women in national legislative seats. Looking at peace and security issues, as of June 2006 – despite agreement to Security Council resolution 1325 – only 55 (or 26 per cent) of 211 country-specific council resolutions include language on women or gender and only 10 per cent of staff in peace support operations at the D-1 level or above were women.[5] UNIFEM contributed to achieving gender equality in democratic governance, often in collaboration with UNDP, by supporting countries to revise their electoral laws and policies and by mobilizing women to enhance their participation as candidates and voters; by supporting governance institutions in more than 20 post-conflict countries to increase their gender-responsiveness; by developing in-country capacity to align laws and policies with the Convention on the Elimination of All Forms of Discrimination against Women and by supporting the participation of women in peace processes.

A. Outcome 1: Laws and policies at national and regional levels are formulated and implemented to promote and protect women's human rights

13. Laws and policies that reinforce discrimination and exclusion foster unequal power relations. Gender equality advocates have addressed this by pressing for removal of discriminatory provisions of existing laws and policies and for introduction of a legal framework aligned with commitments to the Convention on the Elimination of All Forms of Discrimination against Women and other international and regional normative frameworks.

(a) In 2004, 178 countries had ratified the Convention; by 2006, that number was 182. With regard to its Optional Protocol, 70 countries had ratified in 2004, rising to 83 in 2006.

(b) Equality Now reports that only 21 of the 53 countries that had discriminatory provisions in their legal frameworks in a 1999 review had revoked these provisions by 2004.[6]

(c) The 10-year review of the Beijing Platform for Action affirmed that at least 120 countries now have national action plans on gender equality. These are critical in the context of the Paris Declaration, where nationally-owned plans form the basis for allocating external support.

(d) The report by the Secretary General entitled an *In-depth study on all forms of violence against women* indicated that 89 countries now have some form of legal provision against domestic violence, 93 on trafficking in people, 90 against sexual harassment and, in 104 countries, marital rape may be prosecuted.

(e) Between 2004 and 2006, 25 countries instituted positive measures to advance women's political participation. Globally, 102 countries apply quotas in elections to national parliament.

[3] UNAIDS/World Health Organization (December 2006) AIDS epidemic update.
[4] 7,450 out of 48,896; both houses combined; parliaments for which no data available not included
[5] See S/2006/770
[6] Equality Now, 2005. *Words and Deeds: Holding Governments Accountable in the Beijing +10 Review Process*:

Countries with quotas average 18 per cent women in national parliaments, compared to 12 per cent in countries without quotas.

14. UNIFEM contributed to strengthening legal and policy frameworks in 89 countries. Over 40 per cent of initiatives supported made significant progress toward results, including through: removing gender-discriminatory provisions in seven countries; introducing or implementing laws and policies that promote women's rights in 38 countries and in two regional bodies; strengthening gender-equality provisions in constitutions in five countries; mobilizing new or additional resources for gender equality by bringing a stronger gender equality perspective to national development strategies and/or poverty reduction strategies in 13 countries. UNIFEM, with other United Nations partners, provided support to 72 countries to report on and/or develop capacity in implementing the Convention on the Elimination of All Forms of Discrimination against Women, with a particular emphasis on regional programmes in South and Southeast Asia, the Arab States and the Pacific.

Gender equality plans, policies and laws

15. Over the period of the MYFF, UNIFEM increased support to ensure that national action plans that promote gender equality are incorporated into national development strategies, poverty reduction strategies and MDG strategies and, where possible, costed. UNIFEM also supported progress toward the creation, approval or stronger implementation of national gender equality plans, policies or laws in 27 countries[7] during the MYFF period.

16. A number of good practices are emerging. UNIFEM has brought together advocates working on national action plans with organizations working on gender-responsive budgeting to strengthen the results-orientation of the work at a national level. The support UNIFEM provided to develop national action plans in Afghanistan, Ecuador, Niger, Nigeria, Senegal and Uruguay in 2006 was linked to sector ministries' strategies, which will eventually translate into operational programmes with budgets.[8]

Sector-specific laws and policies

17. In addition to overarching gender equality plans, laws and policies, UNIFEM supports sector-specific legal and policy work related directly to its four goals.

18. UNIFEM contributed to progress in reducing feminized poverty through support for 50 efforts in 36 countries over the past three years, working with national and United Nations partners. It focused on specific groups of women workers: on rural women's access to land in the Commonwealth of Independent States; on women home-based workers and in the informal economy, including migrant women workers in Asia and the Arab States; on indigenous and Afro-descendant workers in Latin America; on women producers in countries recovering from armed conflict; and on women affected and infected by HIV/AIDS in Southern Africa.[9]

19. With regard to ending violence against women, UNIFEM contributed to increasing numbers of laws and policies on violence against women, registering progress in 35 countries in 2006,[10] compared to 13 countries in 2005 and 14 countries in 2004. Of the total number of initiatives, approximately 40 per cent focused on domestic violence, 30 per cent on general violence against women legislation, 15 per cent on trafficking and sexual violence respectively, and approximately five per cent on female genital mutilation and sexual harassment.

20. The United Nations Trust Fund to End Violence against Women launched a revised strategy in 2005 focused on grants to support implementation in countries that have laws, policies and plans to

[7] Countries supported in the period 2004-2006 include: Afghanistan, Albania, Azerbaijan, Brazil, Burundi, Ecuador, Dominica, Georgia, Jamaica, Kazakhstan, Kosovo, Kyrgyzstan, Lao People's Democratic Republic, Moldova, Montenegro, Nicaragua, Niger, Nigeria, occupied Palestinian territory, Philippines, Senegal, Serbia, Sierra Leone, Tajikistan, Uruguay, Venezuela, Zimbabwe.
[8] Please see annex 1, example (i).
[9] Please see annex 1, example (ii).
[10] Including through the UNIFEM administered United Nations Trust Fund to End Violence against Women.

address violence. Managed by UNIFEM, the trust fund has supported 43 projects on implementing laws and policies in 38 countries during the MYFF period. A cross-cutting evaluation methodology will be applied to assess trust fund grants in order to share lessons on effective strategies for accelerating implementation and enhancing accountability.

21. In the area of democratic governance, UNIFEM works with a wide range of other United Nations agencies, most often UNDP, the United Nations Department of Political Affairs and the Office of the High Commissioner for Human Rights (OHCHR), to assist national partners assess the need for, draft, pass and implement positive action laws and policies for women's political participation, including in post-conflict countries. During the period of its MYFF, it did so in 14 countries and regionally in the context of the Southern African Development Community Declaration on Gender and Development.

22. UNIFEM efforts to mainstream gender equality in Poverty Reduction Strategy Papers and sector-wide approaches has seen it work closely with other United Nations organizations to support gender equality advocates to have a voice in poverty reduction strategy and national development strategy processes and secure increased budget allocations. During the MYFF period, UNIFEM supported 19 efforts in 2004 and 18 efforts in 2005 and again in 2006 related to poverty reduction strategies in Africa, Asia, the Central and Eastern Europe/Commonwealth of Independent States and the Caribbean. UNIFEM is increasingly linking its work on gender-responsive budgeting to assist partners to collect evidence that supports inclusion of gender equality in these mainstream processes. UNIFEM has not engaged substantively with sector-wide approaches in the MYFF period, but plans to document innovative efforts that make a difference.

Lessons learned and key challenges

23. The gap between legal and policy changes and their implementation remains significant. During the MYFF period, UNIFEM supported generation of better evidence to support stronger implementation and accountability, especially through gender-responsive budgeting and support for analyzing and disseminating sex-disaggregated data. An intensified focus is needed to develop national capacity to support, track and assess implementation and accountability in all aspects of work on gender equality. A stronger focus on linking normative changes at national, regional and global levels with local customary laws and policies is needed, since this more often determines options and opportunities for women and girls. Both will be a key focus of the 2008 edition of *Progress of the World's Women.*

B. Outcome 2: Mainstream institutions demonstrate leadership, commitment, technical capacity and accountability for gender equality

24. Moving from commitment to implementation and accountability for gender equality means that the mainstream institutions that generate policies and services for their intended constituencies need to develop capacity and accountability at all levels for delivering to women and girls. There are no global indicators that measure the extent to which the crucial institutions that influence options and opportunities for gender equality are transforming to become effective implementers of gender-equality commitments. Indicative changes include the following:

(a) Despite the centrality of gender equality to HIV/AIDS and peace and security, the major institutions that drive policy and programming in these areas too often fail to model gender equality in their governance processes. A 2004 UNAIDS assessment found that women's participation in the development and review of 79 national AIDS frameworks was non-existent in more than 10 per cent and inadequate in over 80 per cent.

(b) The 2005 review of MDG reports undertaken by UNDP demonstrated that of 78 MDG reports more than 60 per cent highlighted feminized poverty as a key dimension of poverty reduction, compared to just under 50 per cent in 2003. But gaps persist: only about 25 per cent of the reports link gender inequality and women's status with maternal mortality and only three of 78 reports linked women's subordination to an increased risk of HIV/AIDS.

(c) As of 2005, limited progress had been made in producing the statistics needed to monitor implementation of the Beijing Platform for Action and of the goals of other international conferences and summits, including the MDGs.[11]

25. At the heart of effective gender mainstreaming in any institution is the challenge of re-shaping incentive systems to support better responses to women's needs, changing performance measures so that service to meet women's needs is recorded and rewarded, incorporating gender-responsive budgeting and institutionalizing effective leadership to champion gender equality and women's rights.

26. In its work on this outcome, UNIFEM tracks progress toward four indicators: increased use of sex-disaggregated data to devise and monitor gender-responsive policies; the extent to which policies, programmes and resource allocations of regional, national and local organizations are consistent with gender equality; the extent to which MDG processes, Common Country Assessment (CCA)/United Nations Development Assistance Framework (UNDAF) and peacekeeping missions reflect commitments to gender equality; and United Nations country teams (UNCTs) and multilateral development banks support for gender equality initiatives.

27. In the last three years, UNIFEM documented catalytic initiatives in 86 countries in this outcome area, with almost 45 per cent yielding significant progress toward results.

Sex-disaggregated data

28. The focus on the MDGs has increased interest in generating more specific measurements of gender equality. In response, UNIFEM supports countries to use and disseminate sex-disaggregated data, particularly through regional strategies and in the context of United Nations partnerships. UNIFEM contributed to multi-stakeholder initiatives in 20 countries in 2004, 25 countries in 2005 and 22 countries in 2006. Regionally, UNIFEM partnered with the Economic Commission for Latin America and the Caribbean to generate sex-disaggregated data and analysis to support country-based MDG reporting; with the Economic Commission for Africa to support dissemination of the African Gender Index in countries throughout the region; with the South Asian Association for Regional Cooperation to launch a prototype database to track progress on gender equality for Member States; with the Economic Commission for Europe to launch *The Story Behind the Numbers* publication on women's economic status in the region. Its strategy in Central America, for instance, hinges on fostering South-South exchange so that statistics institutes in the region can benefit from the significant progress in tracking gender equality issues that the National Statistics Institute in Mexico has registered.

Policies, programmes and resource allocations of mainstream organizations

29. UNIFEM focuses on changes in policies, programmes and resource allocations in institutions related to its four goals. Cutting across all of these is the work on gender-responsive budgeting, which has grown both as a technical tool and as a movement. At the end of 2000, 42 countries had instituted gender-responsive budgeting initiatives. As of 2006, UNIFEM identified an additional 33 countries that had engaged in some form of gender-responsive budgeting.[12]

30. UNIFEM played a key role in generating attention for and capacity in gender-responsive budgeting as a tool for accountability and in public sector reform. From 2004 to 2006, UNIFEM provided support in 41 countries, compared to 22 countries during the period of its previous MYFF. In the current MYFF period, 14 UNIFEM-supported initiatives focused at the national level, eight focused at the local level, 11 initiatives were geared to both local and national levels, while in an additional eight countries work is in the preliminary stages. Five years of intensive programming on gender-responsive budgeting at multiple levels has shown that institutionalizing gender-responsive budgeting in the policies and practices of Ministries of Finance is possible, as is using gender-

[11] United Nations Statistical Division. 2005. *The World's Women 2005: Progress in Statistics*

[12] Inadequate data exists to determine how many of these initiatives are ongoing, but UNIFEM is tracking a growing number of experiences in which gender-responsive budgeting is being institutionalized in Ministries of Finance.

responsive budgeting to influence resource allocations in support of gender equality. In the past four years, UNIFEM contributed to efforts of Ministries of Finance from India, Morocco, Ecuador, Senegal, Venezuela and Egypt to launch initiatives to mainstream gender equality into the annual budget processes that line ministries develop.[13]

31. UNIFEM also works with key institutions at national, regional and global levels that influence decision-making in areas related to feminized poverty (for instance, Ministries of Labour in collaboration with International Labour Organization), ending violence against women (including with Ministries of Justice and/or law enforcement agencies with UNFPA and UNICEF), reducing HIV/AIDS (with UNAIDS, UNFPA and UNDP), and democratic governance (often with UNDP). Its work on HIV/AIDS is illustrative. UNIFEM works with and through United Nations inter-agency thematic groups on HIV/AIDS to link national AIDS councils with gender equality advocates and women affected and infected by HIV/AIDS. From 2004 to 2006, UNIFEM contributed to engendering the plans and policies developed by national AIDS councils in Burkina Faso, Burundi, Ecuador, Cambodia, Dominican Republic, Honduras, India, Kenya, Kyrgyzstan, Mali, Nigeria, Rwanda, Senegal, Thailand, Togo and Zimbabwe and worked with an additional 19 national AIDS councils to provide training in gender analysis and women's human rights-based approaches.[14]

32. UNIFEM supports stronger gender equality capacity in the institutions that contribute to peace-building, as well as those that are critical to post-conflict reconstruction, especially the United Nations integrated missions and needs assessment teams, Ministries of Justice, electoral commissions and truth and reconciliation commissions. Over the MYFF period, UNIFEM contributed to stronger gender equality dimensions in institutions in 30 crisis and post-conflict countries. UNIFEM supported a stronger gender equality dimension in two post-conflict needs assessments in 2004, five in 2005 and one in 2006.

33. During the MYFF period, UNIFEM supported initiatives to bring a gender equality dimension to MDG processes in 42 countries and in four regional processes, including through executing a five-country project for UNDP and through close partnerships with United Nations regional economic commissions. At the global level, UNIFEM seconded an economist to the Millennium Project for two years, was a participant in the Millennium Project Task Force 3 on Primary Education and Gender Equality and participates actively in all United Nations Development Group (UNDG) gatherings focused on the MDGs.[15]

Lessons learned and key challenges

34. Throughout the MYFF period, the work on gender-responsive budgeting has consistently yielded concrete results in terms of strengthening the internal policies and procedures of government ministries on gender equality. However, whether using gender-responsive budgeting or other entry points, institutional transformation is a long-term process requiring long-term commitments, in-depth support and clear benchmarks. This effort could be enhanced through development of more clear-cut indicators on the process of institutional change toward gender equality, which will be a key priority in the next strategic plan.

C. Outcome 3: Gender equality advocates have knowledge and are positioned to spearhead and transform policies, programmes and resource allocations

35. Advocacy for action on gender equality is fuelled by the evolving 'architecture' of government institutions, experts, non-governmental organizations (NGOs) and grassroots organizations that lobby to put women's human rights and development issues on local, national, regional and global agendas. At the country level, this architecture includes national women's machineries – now in existence in

[13] Please see annex 1, example (iii).
[14] Please see annex 1, example (iv).
[15] Please see annex 1, example (v).

193 countries, often linked to gender advisors in sectoral ministries.[16] The architecture may also include parliamentary caucuses advocating for women's rights, service and professional organizations, community and producer groups and women's funds, as well as equal opportunity offices and women's studies centres in universities.

36. The architecture often includes gender advisors and desks in regional organizations and regional NGO networks focused on women's human rights and a vast array of broad-based and sector-focused transnational non-governmental women's human rights advocacy, technical assistance, membership and funding organizations.

37. UNIFEM has been a part of the support system that invests in growing the capacity and voice of this architecture. A 2006 report by the Association for Women's Rights in Development entitled *Where's the Money for Women's Rights?*[17] surveyed 315 non-governmental women's organizations from all regions who reported a decline in funding over the previous five years. The source of their funds has changed considerably in the past 10 years: where bilateral donors were the top source of funds in 1994, by 2004 these had slipped to third, replaced by women's funds and international NGOs.

38. UNIFEM monitors progress on this outcome based on the influence of women's organizations, networks and grassroots women's groups on mainstream policy processes, including on poverty reduction strategy and MDG processes and peace negotiations, amongst other things. The organization also considers whether capacity of national and regional government and non-governmental organizations promoting women's rights has increased, as well as the effectiveness of inter-agency thematic groups on gender in influencing UNCTs.

39. From 2004 to 2006, UNIFEM supported 94 catalytic initiatives related to capacity development of national, regional, and (to a lesser extent) global governmental and non-governmental organizations and networks of gender equality advocates. Forty percent of initiatives supported have led to progress toward concrete results. Included in this support are UNIFEM partnerships with national women's machineries in nearly 90 countries – often through regional initiatives and with existing and aspiring parliamentarians and their networks in 38 countries. UNIFEM contributed to the establishment or strengthening of more than 50 national and regional non-governmental women's networks and multi-stakeholder groups advocating for women's rights, including through 43 grants in 38 countries from the United Nations Trust Fund to End Violence against Women.

Influence of women's organizations on mainstream policy processes

40. The influence of women's organizations on mainstream policy processes is significant, but difficult to measure. UNIFEM has not devised an adequate tracking system for this.

41. UNIFEM engagement with ministries of women's affairs increased significantly in this MYFF, compared to the previous. In part, this results from a stronger focus on multi-stakeholder initiatives in support of implementation of the Convention on the Elimination of All Forms of Discrimination against Women, gender-responsive budgeting and mainstreaming gender equality in MDG processes and post-conflict reconstruction. UNIFEM supports the positioning and strengthening of women's ministries to become the engine of gender mainstreaming with other government ministries and to open up spaces for engagement with women's NGOs.[18]

Increased capacity of national and regional government and non-governmental organizations promoting women's rights

42. UNIFEM works with women's organizations as implementing partners for specific programmes, as participants in multi-stakeholder initiatives and as grantees. In addition to significant work with national women's machineries, women's parliamentary caucuses and women's regional networks in

[16] http://www.unescap.org/esid/gad/Issues/Machineries/DAWNational_Machineries_26May2006.pdf
[17] http://www.awid.org/publications/where_is_money/weblibro.pdf
[18] Please see annex 1, example (vi).

the MYFF period, UNIFEM also deepened work with groups and networks that were run by, or represented, women who were marginalized in their own contexts. These included:

(a) HIV+ women's networks in 14 countries and regionally in South and West Africa, the Commonwealth of Independent States and in Latin America and the Caribbean;

(b) Migrant women's networks in Asia-Pacific and Arab states;

(c) Home-based workers networks in Asia;

(e) Indigenous and Afro-descendant women's networks in seven countries in Latin America and through regional networks;

(f) Women's networks advocating for land rights in four countries;

(g) Women's peace networks in 20 countries, as well as sub-regionally in the Balkans, the Eastern Caribbean, the Great Lakes and the Southern caucuses.

43. Through the MYFF period, UNIFEM supported the development of specific training approaches and modules to strengthen national and regional capacity of women's organizations. UNIFEM supported training for women to enhance their participation as candidates and voters in elections in 15 countries in 2006 and 16 in 2005. In collaboration with the International Women's Rights Action Watch—Asia Pacific, UNIFEM invested in training NGO representatives from 46 countries to advocate for and monitor implementation of the Convention on the Elimination of All Forms of Discrimination against Women through the 'From Global to Local' programme between 2004 and 2006 (UNFPA joined the initiative in 2006).[19]

Challenges and lessons learned

44. The Association for Women's Rights in Development study cited earlier and other data suggest that support for gender equality experts and women's rights organizations at all levels is inadequate. Likewise, the absorptive capacity of these groups has not expanded in a way that is consistent with opportunities and needs. In the next strategic plan, UNIFEM intends to focus its support to women's organizations, including by sharpening the mechanisms used to track changes in their capacities and influence.

D. Outcome 4: Harmful and discriminatory attitudes and practices change to promote and protect the rights of women and girls

45. Until support for gender equality and women's human rights influences changes in attitudes and behaviours at the micro-level, gender equality will remain elusive. There is significant work worldwide on changing attitudes and practices to support gender equality, but methods, tools and data that track their overall impact are largely absent. The Global Media Monitoring Project of the World Association of Christian Communication coordinates 'Who Makes the News,' a regular enquiry of media coverage from a gender equality perspective. In 2005, it monitored 12,893 news stories and 39,944 news presenters from around the world. Only 21 per cent of news subjects are female (increased from 17 per cent in 1995). Only four per cent of stories monitored highlighted gender equality or women's human rights issues.

46. *UNIFEM contribution to progress*: UNIFEM tracks progress toward this goal according to: the extent to which media and communications portray gender equality challenges and achievements; the effectiveness of campaigns and institutional mechanisms to prevent, reduce and monitor gender-based violence; increases in national institutional mechanisms to prevent, reduce and monitor gender-based violence; changes in gender disparities in wages. The UNIFEM MYFF review found that the formulation of the outcome and its indicators as well as the tracking mechanisms UNIFEM uses to assess progress have been inadequate, despite significant investment of work in this area. This is the most challenging level of change, requiring UNIFEM investment in tools and monitoring processes.

[19] Please see annex 1, example (viii).

47. *Gender-responsive media coverage*: In 2006, UNIFEM supported efforts in 50 countries to enhance media coverage of gender-equality issues, compared to 19 countries in 2005 and 13 in 2004. These included national partnerships to support coverage on ending violence against women, the gender dimensions of HIV/AIDS and on women's roles in peacebuilding. Most of these involve inter-agency initiatives; in Latin America and the Caribbean, UNIFEM coordinates an annual region-wide media campaign that is a collective effort of UNIFEM, UNDP, UNFPA, UNICEF, the United Nations International Research and Training Institute for the Advancement of Women and the Pan American Health Organization to highlight the dimensions of gender-based violence in commemoration of the 16 Days of Activism to End Violence against Women.

48. On a selective basis and to enhance policy and institutional change to address feminized poverty, UNIFEM supports innovative pilot initiatives that demonstrate how to improve women's income-earning options, especially in post-conflict situations where meeting demands from women to improve their livelihood options is an important entry point for other programmes.[20] UNIFEM support to widows of the 1994 genocide in Rwanda helped establish a link between women weavers and a fair trade company that markets their baskets in the United States. As a result, approximately 51,000 baskets have been sold through Macy's department stores in New York, Atlanta, Chicago and online, generating revenue of $800,000 for Rwandan women weavers. According to the director general of Rwanda Import and Export Promotion Agency, the production and sale of the baskets now provides sustainable support to women in 2,000 communities.[21]

Challenges and lessons learned

49. It requires specialized skills and tools to document and evaluate the processes that lead to sustainable shifts in attitudes and practices to support gender equality and women's human rights. Further investment in developing these tools is critical given the significant contributions that UNIFEM and others working on gender equality make in multi-media and advocacy campaigns. UNIFEM was unable to invest adequately in this MYFF, but would like to expand its work in this area moving forward, especially in the context of United Nations inter-agency partnerships (including with UNICEF and UNFPA) and with regional and national partners.

V. Organizational effectiveness

50. The five performance goals to track organizational effectiveness are presented in the organizational effectiveness matrix approved by the Executive Board (2004/10). For this report, UNIFEM is including in each goal indicator several preliminary findings on its performance from the evaluation it has commissioned, as well as plans for improving performance in the next four-year cycle.

51. Major shifts in organizational effectiveness resulted from changes in: 1) UNIFEM engagement with United Nations reform, particularly the inter-agency coordination initiatives that it spearheaded and the critical guidance from the TCPR resolution; 2) The use of creative arrangements and partnerships to extend its programming to over 100 countries; 3) The revision or strengthening of organization-wide strategies related to several global initiatives, including the United Nations Trust Fund to End Violence against Women; 4) Providing in-house guidance and training in results-based management; 5) The revision of the UNDP-UNIFEM operational guidelines; and 6) The introduction of Atlas. Each of these is further developed in the report on each performance goal that follows.

[20] Please see annex 1, example (viii)
[21] http://www1.macys.com/campaign/rwanda/story.jsp

A. Goal 1: Recognizing coherence, relevance and sustainability of UNIFEM products and services

52. This goal primarily relates to the UNIFEM role as innovator, catalyst and provider of technical expertise. In tracking progress, UNIFEM monitors the extent to which the innovative initiatives it supports are replicated or scaled up; the extent to which feedback demonstrates relevance of its products and services; and the extent to which its evaluations are used strategically to generate learning that feeds into more effective action of UNIFEM and its partners.

53. The catalytic and innovative role that UNIFEM plays to promote action on gender equality is central to the mandate given it by the General Assembly. It plays this role through piloting of innovative initiatives, through bringing visibility to the effective innovations of its partners and through advocacy to put critical and under-recognized issues that affect progress toward gender equality on policy and programming agendas.

54. Over the past three years, UNIFEM tracked 61 instances in which governments, NGOs or United Nations organizations have replicated or scaled up specific UNIFEM-supported innovations at the local or national level. Of these initiatives, 30 were replicated by governments, 17 by United Nations organizations and 14 by NGOs or the private sector. The role of UNIFEM as a convener and advocate, often by facilitating regional or cross-regional multi-stakeholder partnerships, has been highlighted in multiple evaluations as having the greatest catalytic impact. [22]

55. UNIFEM produces a wide range of print, audio-visual and electronic resource materials and campaigns related to the goals and outcomes of its MYFF, including the bi-annual *Progress of the World's Women*. During the MYFF period, UNIFEM produced more than 100 resource materials in 18 languages. UNIFEM also tracks the extent to which the knowledge and information it generates is picked up by the mainstream media, with over 3,000 articles on work that UNIFEM is supporting tracked throughout the MYFF period. For electronic resources, UNIFEM regularly tracks data on unique 'hits' or visits:

(a) UNIFEM revamped its website in 2005. The number of hits grew by over 31 per cent, from 17.5 million in 2005 to more than 23 million in 2006.

(b) UNIFEM portal on women, peace and security, launched in 2003, attracted over six million hits in 2006 compared with four million in 2004.

(c) UNIFEM portal (supported by UNAIDS) on women and HIV/AIDS increased the volume of visitors with over 1.9 million hits in 2006 compared to just over one million in 2004.

56. Obtaining reliable and up-to-date information on the relevance of its programmes from high quality evaluations – and using evaluation findings to improve performance – is a high priority for the organization. UNIFEM engages in three types of evaluation: programme evaluation; thematic evaluation; and outcome evaluation. Its internal evaluation policy was revised in 2005 to align with the standards agreed to by the United Nations evaluation group. UNIFEM undertook 22 evaluations from 2004 to 2006. The chart in annex 3 provides details on the focus of these. Ten met high quality standards while others were of variable quality.

57. External, cross-regional thematic evaluations are particularly important for generating insights and evidence upon which to base UNIFEM future strategies and support. UNIFEM engages staff and partners in government, the United Nations and civil society in validating and learning from these evaluations. External evaluations of UNIFEM support to gender-responsive budgeting, implementation of the Convention on the Elimination of All Forms of Discrimination against Women, and enhancing the gender equality perspective in MDG processes and in HIV/AIDS strategies and programmes have assisted UNIFEM to sharpen its strategies and partnerships.[23]

[22] Please see annex 1, example (ix).
[23] Please see annex 1, example (x).

58. *Priorities for improvement in the next four years*: More systematic and rigorous tracking of replication and scaling up of innovation on gender equality is a core competency that UNIFEM plans to enhance in its next strategic plan. UNIFEM invested in building capacity in gender-responsive evaluation through the African Evaluation Network during the MYFF and will build on this strategy in the forthcoming plan. Its partnership with the World Bank on piloting results-based initiatives to enhance women's economic options in five countries dedicates 40 per cent of total resources to undertake rigorous evaluation of each pilot. UNIFEM has also partnered with the World Bank to develop a draft methodology for improving impact evaluation of community-based initiatives to end violence against women supported by the United Nations Trust Fund to End Violence against Women, a methodology which it is committed to further develop in the next four years.

59. UNIFEM will significantly strengthen its evaluation approaches and capacities in the next four years, working closely with UNDP, its associated funds and other United Nations organizations to ensure economies of scale and alignment with United Nations evaluation group principles.

B. Goal 2: Capacity of UNIFEM programmes aligned with demand and opportunities to introduce and support innovation, learning and results

60. UNIFEM assesses progress toward this goal by reviewing the outcomes of UNIFEM engagement with and, influence on, United Nations reform and coordination and monitoring how a realigned structure helps UNIFEM to better meet demands and opportunities.

61. UNIFEM has varied forms of engagement with United Nations reform and coordination at global, regional and national levels such as chairing/participating in inter-agency initiatives and partnerships including gender theme groups, joint programming in partnership with one or more United Nations organizations, project execution for other United Nations organizations and by providing technical support or advocacy to strengthen the gender equality perspective in coordination processes, including CCA/UNDAFs, MDGs and poverty reduction strategy papers..

62. In the context of United Nations reform, UNIFEM initiatives to stimulate and support enhanced and more effective inter-agency action on gender equality have increased since the 2000-2003 MYFF period at all levels:

(a) UNIFEM was a partner in more than 50 interagency initiatives at field and headquarter level in 2006, compared to approximately 40 in 2005, most frequently partnering with UNDP, UNFPA and UNICEF. Of these, approximately 30 were country-based or regional programmes in partnership with one or more United Nations organizations, with UNIFEM spearheading or playing a coordinating role in approximately 14 instances.

(b) UNIFEM chairs numerous inter-agency task forces and theme groups. At a global level, it chairs the UNDG Task Team on Gender Equality, is the co-chair (with UNDP) of the UNDG Working Group on Programming Policy and has co-chaired (with UNFPA) the Inter-Agency Task Team on Gender and HIV/AIDS. At the regional level, it chairs the Gender and Human Rights Advisory Group for the African Regional Directors' Team, the South Asia Inter-Agency Steering Committee on Trafficking in Women, the Ad Hoc Working Group on HIV/AIDS and Gender for the Caribbean and recently handed over the chair of the South Asia Coordination Group on Action against Violence. At the national level, it chairs 17 gender theme groups and participates in an additional 10 gender theme groups, as well as chairing or participating in at least 20 additional United Nations theme groups on HIV/AIDS, governance, human rights or poverty.

(c) UNIFEM was cited as a leader/partner on gender equality initiatives in 51 of 134 resident coordinator annual reports in 2005 for initiatives in support of achieving the MDGs, ending violence against women, engendering the response to HIV/AIDS and increasing women's political participation.

63. UNIFEM tracks annually the number of CCA/UNDAF, MDG and poverty reduction strategy paper initiatives to which it provides technical expertise.

UNIFEM involvement in coordination mechanisms	2004	2005	2006
MDG	15	32	25
CCA/UNDAF	14	37	42
Poverty reduction strategy paper	19	18	18

The results of engagement are variable. When successful, it strengthens implementation of normative agreements toward gender equality, lowering transaction costs for government and other partners because the United Nations system is working together, and increases investments in gender equality by United Nations system partners.

UNIFEM and the UNDG Task Team

UNIFEM chairs the 17-member UNDG Task Team[24] on Gender Equality. In 2006, its key achievement was securing the endorsement of UNDG principals to two of the task team's recommendations, which emerged from enquiries undertaken in 2005 and 2006 and which are focused on strengthening gender equality commitments and programming in the UNCTs. The UNDG principals endorsed a process to finalize a set of performance indicators that UNCTs can use to track their progress and enhance their accountability on gender equality programming, as well as piloting an action learning process with a small number of UNCTs to devise United Nations models for integrated, holistic programming in support of gender equality. UNIFEM, UNFPA and UNICEF are spearheading the work for the task team on these two initiatives with other task team members taking the lead in other areas. There is close collaboration between the task team and the Inter-Agency Network on Women and Gender Equality.

In 2006, the task team also completed its second gender review of the resident coordinator annual reports. The findings were published in the annual *Synthesis of the Resident Coordinators Annual Reports* and have fed into revisions to the resident coordinator annual report guidelines, which include a specific section on gender equality initiatives for 2007.

64. In the context of United Nations reform, UNIFEM ensures that gender equality experts and advocates in government and non-governmental organizations are apprised of developments and have a voice The UNIFEM consultative committee played a catalytic role in commissioning an *Organizational Assessment: UNIFEM Past, Present and Future* (A/60/62-E/2005/10). Its release in early 2005 stimulated dialogue among many constituencies with UNIFEM and consultative committee members convening numerous sessions with partners, including the UNDP/UNFPA Executive Board first regular session of 2006 and during the Commission on the Status of Women. Key findings of the assessment were reiterated in the gender equality section of the High-Level Panel on System-wide Coherence report and contributed to stimulating higher level dialogue on the inadequate funding and positioning of the architecture that supports work on gender equality. The debate also stimulated grassroots organizing, with a campaign by women's networks in South Asia, which gathered more than one million signatures encouraging the panel to move forward on a strengthened UNIFEM and a strong gender equality entity.

[24] The International Fund for Agricultural Development, the International Labour Organization, the Food and Agriculture Organization of the United Nations, the United Nations Division for the Advancement of Women, UNDP, ECOSOC, the United Nations Human Settlement Programme, the United Nations Environment Programme, the United Nations Educational, Scientific and Cultural Organization, UNFPA, UNICEF, UNIFEM, the United Nations Office on Drugs and Crime, the United Nations Office of the Special Advisor on Gender Issues, the United Nations Permanent Forum on Indigenous Issues, the World Food Programme, the World Health Organization.

65. The MYFF period saw incremental changes in the structure of UNIFEM. Three key developments were most influential: (a) revised operational guidelines with UNDP and the introduction of Atlas, which led to a stronger focus on strengthening and decentralizing certain functions (see goal 4 below); (b) The MYFF commitment to identify two or three priority countries in each sub-region for more sustained engagement; (c) The development of innovative arrangements for extending reach.

66. UNIFEM was able to extend its reach through a variety of creative and cost-effective mechanisms. In addition to its 15 sub-regional offices, UNIFEM expanded its reach through cost-shared programming, shared staff and partnerships with sister United Nations organizations (most often with UNDP), sub-regional programmes that involve multiple countries in particular initiatives, support to governments and NGOs through strategic grant making and creative use of volunteers and junior professional officers. UNIFEM estimates that its programming and technical support reached 133 countries in the three-year period under review, including through strategic grant making and provision by sub-regional office staff of technical expertise to national and United Nations partners. In addition to its 15 sub-regional offices, UNIFEM had project staff in 33 countries in 2004 compared to 50 in 2006 and provided technical advice through coordination mechanisms in 48 countries in 2004 compared to 67 in 2006. Annex 4 provides details of UNIFEM programming worldwide 2004-2006.

67. Identification of priority countries helped staff engage with partners, plan more effectively and filter multiple requests. For instance, the East Africa office based in Nairobi targeted Sudan and Somalia in the first two years of the MYFF and then added Uganda in the second two years. It is now supporting programming on women, peace and security in Sudan, Uganda and Somalia, as well as a multi-dimensional programme – managing a donor-supported basket fund of $6.7 million – in Kenya. Its partnership with the Intergovernmental Authority on Development and the African Union, its support to CCA/UNDAF exercises, and its work on gender-responsive budgeting and the gender dimensions of HIV/AIDS have led to incipient programme partnerships in Tanzania and Ethiopia.

68. Close sub-regional coordination with resident coordinators has helped UNIFEM identify strategic opportunities to lend support, sometimes for specific, longer-term programmes, as in China, and at other times for a more limited engagement, as in the case of Pakistan where the resident coordinator requested UNIFEM assistance in undertaking a gender assessment in the aftermath of the 2005 earthquake.

Priorities for improvement in the next four years

69. The intensification of United Nations reform raises pressing issues on many elements of this indicator. These engagements are most effective when they are specific and focused. UNIFEM will invest most heavily in existing partnerships that meet this criteria, such as the United Nations Partnership on Sexual Violence, as well as undertake a small number of new initiatives where there is demand (for instance, on a United Nations system-wide initiative on gender-responsive budgeting, building on its execution of a project for UNFPA to develop a resource pack on *Gender Responsive Budgeting and Women's Reproductive Rights*). Additionally, UNIFEM plans significant engagement with the One United Nations Pilots as key sites for testing how the United Nations system will deliver as one.

70. UNIFEM hopes to align its regional presence with the convergence of the regional offices of other United Nations organizations in common locations, as is taking shape in Johannesburg, where UNIFEM has co-located, is a member of the regional directors' team, and coordinates the regional Gender and Human Rights Theme Group. Additionally it plans to build on good practices that have demonstrated cost-effective ways to support greater coordination on gender equality, as in Kosovo where it is the lead implementing partner for the UNCTs programme on MDG 3, or in Central America where it cost-shares gender expertise with UNDP and works closely with UNDP gender focal points to support sub-regional initiatives. A key ingredient in being able to align structures to respond to opportunities is to secure its anticipated core funding targets.

C. Goal 3: Strategic partnerships generate new and expanded constituencies and learning for gender equality

71. The indicators for this goal refer primarily to: implementing revised agreements to enhance the partnership with UNDP; results of agreements with other multilateral partners; new opportunities to strengthen partnerships with bilateral donors, the private sector and civil society (partnerships with governments are covered in the development effectiveness section).

72. UNIFEM, as an associated fund, engages with UNDP in two ways: the Administrator of UNDP is accountable for UNIFEM and, in this context, operational guidelines govern the administrative relationship between the two organizations; as the United Nations women's fund with a mandate to work across the United Nations system, UNDP can call on UNIFEM to enhance gender equality expertise in the resident coordinator system, in the UNDG and also – through project execution agreements – as an executing agency for UNDP programmes in UNIFEM areas of comparative advantage.

73. Administrative changes are covered in goal 4 (below). Programmatically, UNIFEM and UNDP strengthened collaboration on strategic issues. The *Evaluation of gender mainstreaming in UNDP* (DP/2006/5) reported that 70 per cent of country offices cited "effective or very effective" cooperation between the two organizations. The partnership with UNDP is multi-dimensional, including global initiatives such as the I-Know Politics network, the United Nations Partnership on Sexual Violence, support to UNAIDS on the gender dimensions of HIV/AIDS, multiple collaborations in crisis and conflict countries and shared gender equality expert staff in China, Nicaragua, and Uganda. UNIFEM executed approximately 20 projects for UNDP during the past three years. [25]

Results of agreements with other multilateral partners

74. In addition to UNDP, UNIFEM continued to most frequently partner with UNFPA and UNICEF, but also include the United Nations High Commissioner for Refugees, the International Labour Organization, the International Fund for Agricultural Development, UNAIDS, the United Nations International Research and Training Institute for the Advancement of Women, the United Nations Environment Programme, the United Nations Office for Project Services, OHCHR, International Organization for Migration, the United Nations Office on Drugs and Crime, the United Nations Office for the Coordination of Humanitarian Affairs, the United Nations Department of Peacekeeping Operations, the United Nations Department of Political Affairs, United Nations Economic Commission for Latin America and the Caribbean, United Nations Economic Commission for Europe, and United Nations Economic Commission for Africa.

75. In the lessons learned from the Strategic Business Plan 2000-2004, UNIFEM noted the importance of forging stronger partnerships with the multilateral development banks. In this regard, its partnership with the World Bank has become more concrete during the MYFF period. Three initiatives were launched: a) UNIFEM is executing a component of the Gender Action Plan of the World Bank, focused on supporting replicable results-based initiatives to enhance women's economic options and opportunities in five countries. The goal is to demonstrate strategies that can be scaled up by the Bank; b) UNIFEM worked with the World Bank to devise an impact evaluation methodology to assess the effectiveness of community-based initiatives to end violence against women supported by the United Nations Trust Fund to End Violence against Women; c) UNIFEM and the World Bank partnered closely on gender equality in disarmament, demobilization and reintegration in the Great Lakes region. While these partnerships have yet to yield concrete results on the ground, the systems are being put in place to generate and track these over the next three years.

76. The MYFF period has also seen partnerships expand with the European Commission, particularly on the gender equality dimensions of aid effectiveness and with the Organisation for Economic Co-

[25] Please see annex 1, example (xi).

operation and Development – Development Co-operation Directorate through active participation in its governance, human rights and gender equality networks.

Strengthening partnerships with bilateral donors, the private sector and civil society.

77. UNIFEM continues to have strong partnerships with bilateral donors and civil society and continues to explore more effective ways of partnering with the private sector. New opportunities that emerged in the 2004–2007 period:

(a) UNIFEM management of a $6.7 million basket fund in Kenya is a new approach to forging a partnership with both bilateral donors and civil society in the context of aid effectiveness.

(b) Three new partnerships with the private sector are notable in this MYFF cycle: the Calvert Investment Fund (with which UNIFEM has partnered to launch a set of women's principles to guide corporate accountability for gender equality); Johnson and Johnson (which became the first major private sector contributor to address the inter-linkages of violence against women and HIV/AIDS through the United Nations Trust Fund to End Violence against Women) and Macy's Department Store (generating more than $800,000 for women basket-makers of Rwanda).

(c) A private sector/bilateral partnership forged in the previous MYFF, between Cisco Systems and the United States Agency for International Development, continued to generate innovation and scaling up during the current MYFF.[26]

D. Goal 4: Management and administration of financial and human resources aligned with commitment to excellence, empowerment and rights

78. Progress was made in several key areas, including: issuance of the delegations of authority by the UNDP Administrator to the UNIFEM Executive Director; application of this delegation to enhance operational autonomy and effectiveness; strengthening and clarification of UNIFEM-UNDP partnerships on operational matters.

Delegations of authority

79. UNIFEM and UNDP worked intensively throughout the period of the MYFF to update and implement the operational guidelines. Under the delegations of authority the Executive Director, while remaining accountable to the Administrator, assumes greater authority and responsibility in matters relating to human resources, finance and administration. A simple example of the impact: UNIFEM now has a bank account in three currencies to directly receive contributions. This has enhanced the accuracy and speed of recording contributions.

Human resources and staff capacity

80. The establishment of the UNIFEM Human Resources Centre in 2006 was an important step towards fuller application of the delegations of authority. The centre has started to improve UNIFEM human resources approaches and standards, including enhancing recruitment, review of contract modalities, and development of strategic learning plans.

81. Enhancing staff capacity is fundamental to continuously improving the ability of UNIFEM to monitor and track results. While reporting has improved in some areas, UNIFEM internal systems and capacities need significant improvement to enhance both quality and timeliness. UNIFEM has taken a number of steps during the MYFF period to address this. In 2005, UNIFEM finalized an 'Essential Guide to Results-Based Management' and a core group of staff, trainers and resource persons in results-based management were identified to act as an internal network of resource persons on the application of results-based management in UNIFEM-supported initiatives. Regional training has been launched to build capacity of UNIFEM staff and partners, in order to enhance the quality and results-orientation of monitoring and reporting. Annually, UNIFEM staff review MYFF reports, generate

[26] Please see annex 1, example (xii).

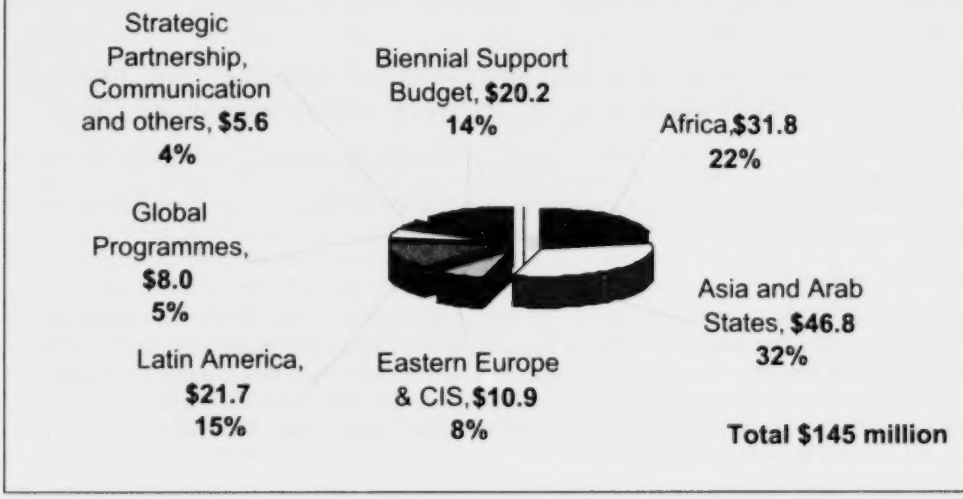
feedback on the content and quality of results-based monitoring and reporting, identify gaps and lessons learned and track progress on follow-up to recommendations from the previous session.

Administration of financial resources

82. The formula for geographic allocation of core resources was determined by the UNIFEM consultative committee at the 44th session in 2004. Non-core resources were utilized geographically and thematically according to the respective donor cost sharing and trust fund agreements.

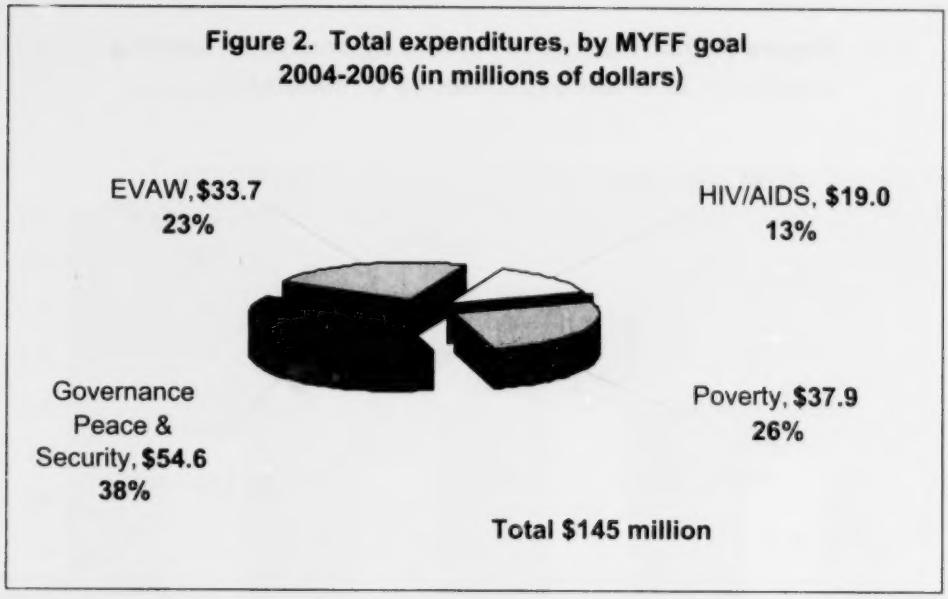
83. With regard to total expenditures over the three-year period of approximately $145 million, Africa expended the largest share of core resources (30 per cent), while Asia-Pacific and Arab States expended the largest share of total resources due to the predominance of non-core resources in that region.

Figure 1. Total expenditures, by region and use 2004-2006 (in millions of dollars)


Strategic Partnership, Communication and others, $5.6 4%
Biennial Support Budget, $20.2 14%
Africa, $31.8 22%
Global Programmes, $8.0 5%
Asia and Arab States, $46.8 32%
Latin America, $21.7 15%
Eastern Europe & CIS, $10.9 8%
Total $145 million

84. With respect to how funds were disbursed amongst the MYFF goals, expenditures of core resources were more or less equally distributed. When cost-sharing and trust funds were taken into account, expenditures for governance – reflecting primarily work on crisis and post-conflict reconstruction – represented more than a third of the total. The MYFF goals of reducing feminized poverty and ending violence against women received nearly a quarter of expenditures and HIV/AIDS had the lowest level at about $19 million or 13 per cent.

Figure 2. Total expenditures, by MYFF goal 2004-2006 (in millions of dollars)



85. There are several priorities for improvement in the next four years. For example, there are many dimensions to management effectiveness that can be addressed through Atlas. UNIFEM has made good progress in institutionalizing Atlas and developing staff capacity to make maximum use of certain functions. Over the next four years, a high priority is to use the full functionality of the system, especially to ensure that UNIFEM is able to do results-based budgeting.

E. Goal 5: A larger, more diversified and more reliable resource base supports capacity of UNIFEM to meet opportunities and commitments

86. Please see integrated resources framework.

VI. Integrated resources framework

87. During the period 2004-2006, UNIFEM total resources increased 14 per cent, from $49.2 million in 2004 to $56.3 million in 2006. UNIFEM raised a total of $160 million over the three years, against a projected $121.3 million anticipated in the MYFF. The increase was largely due to the expansion of non-core resources from $25.9 million in 2004 to $31.3 in 2006. On the other hand, core resources stagnated, moving from $23.2 million in 2004 to $25 million in 2006. This is reason for concern, as core resources constitute the bedrock of UNIFEM work and ability to plan effectively.

Figure 3. Distribution of income by source of funding 2004-2006 (in millions of dollars)

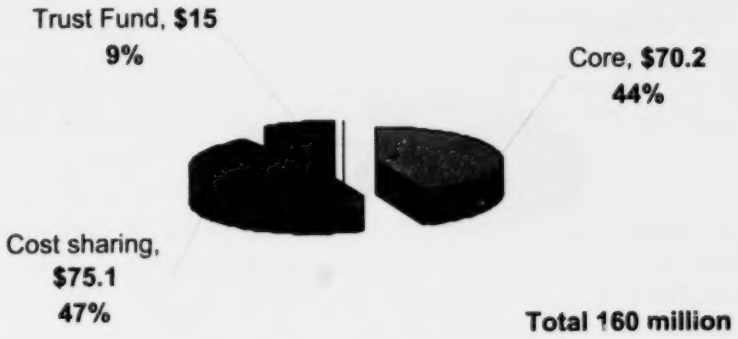


Figure 4. Trend of core and non-core resources 2004-2006 (in millions of dollars)

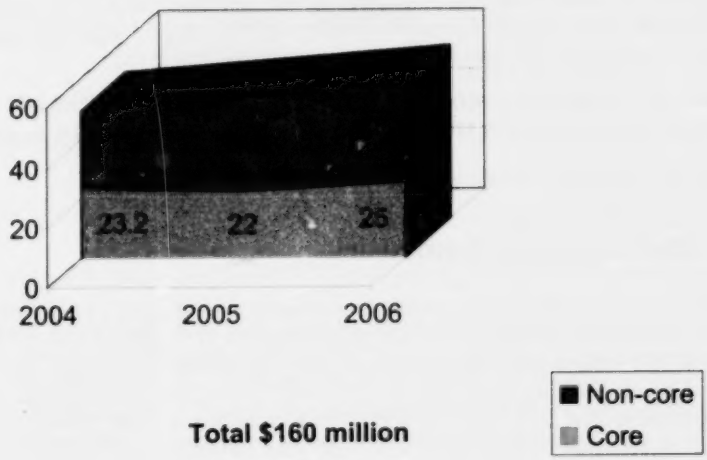
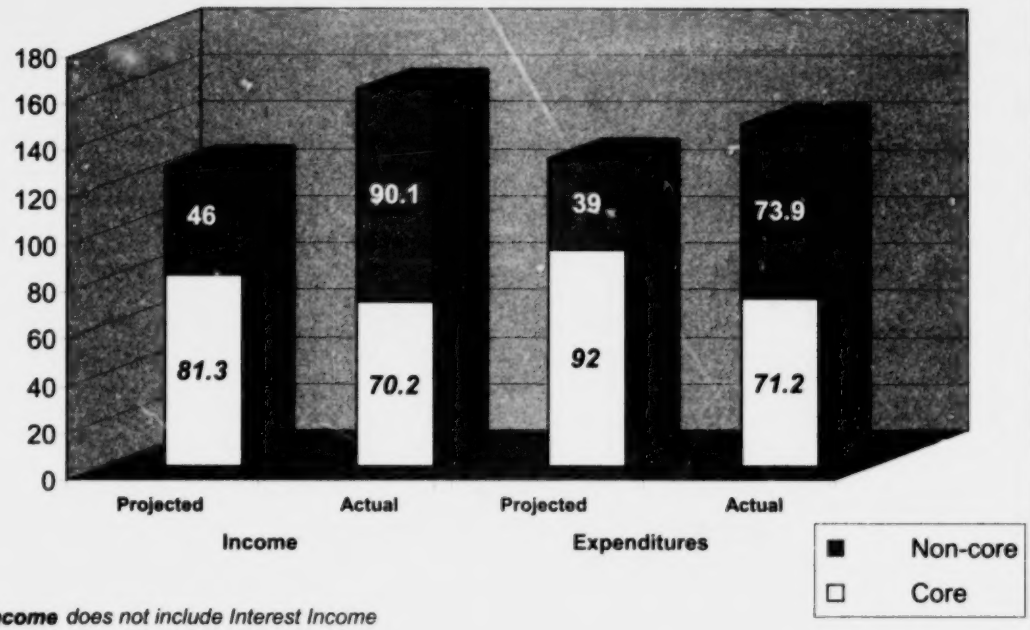


Figure 5. Comparison between projected and actual income* and expenditures MYFF 2004-2006 (in millions of dollars)



* ***Income*** *does not include Interest Income*

88. While the rise in non-core was double or triple projections (depending on the year), the increase in core resources fell short of MYFF projections.

89. The UNIFEM resource base became more diversified in terms of the number of contributors. In 2006, 54 governments; 15 non-governmental and private organizations; five national committees and four United Nations organizations contributed resources. However, contributions remained concentrated among a few donors, with the largest five government donors contributing about three quarters of its resources in 2006.

90. The absence of multi-year commitments constrains the ability of the organization to translate resources into capacity. Without multi-year funding, the organization is constrained in its planning abilities, too. Only one donor was able to make a multi-year commitment to UNIFEM core resources. Several others have entered into such arrangements with other United Nations organizations, but have declined to do so with UNIFEM, citing its small size as a deterrent to such arrangements.

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UNIFEM multi-year funding framework cumulative report, 2004-2006

Corrigendum

In paragraph 70, line 5, last word, a reference is made to Kosovo. This *should read:*

Kosovo (Republic of Serbia)

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Report on the assessment of the cost recovery policy effectiveness*

Summary

The cost recovery policy of UNDP remains anchored in the harmonized principles commonly accepted by United Nations organizations. UNDP is cognizant of the fact that, in the light of several years of policy implementation, there is a need to simplify its cost recovery policy approach in line with inter-organization harmonization efforts so as to increase the effectiveness of policy application. Specifically, the present report suggests that UNDP fix the base target at seven per cent to recover the variable indirect costs of new projects funded from third-party cost sharing and trust funds.

Elements of a decision

The Executive Board may wish to:

(a) *Recall* decision 2003/22 in which the current approach to cost recovery was endorsed;

(b) *Welcome* the recent progress in the area of cost recovery policy harmonization among United Nations Development Group Executive Committee agencies for multi-donor trust funds, joint programmes, and joint offices;

(c) *Reiterate* the need for UNDP to continue monitoring efforts to ensure that functions linked to the management of other resources are adequately funded without undue subsidization by the regular resources;

(d) *Take note* of the present report and endorse the policy elements contained therein as regards the recovery of indirect and direct support costs; and, in particular, *recommend* that a general management support cost recovery rate of seven per cent be established as the target for new third party and trust fund contributions, with programme country contributions assessed at three per cent.

*The compilation of data required to provide the Executive Board with the most current information has delayed submission of the present report.

07-36243 (E) 140607

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I. Background

1. This report is submitted in response to decision 2004/30, requesting UNDP "to carry out a review of its cost-recovery policy after two years and to report to the Board at its September session 2007 on the lessons learned from the new policy, including the aggregate cost recovery rate". Additionally, the more recent decision 2006/30 requested UNDP to provide additional financial and substantive analysis on the current cost-recovery practices and the estimated costs incurred in providing general management support.

2. The Executive Board discussion that led to the latter decision highlighted concerns on the effectiveness of the current policy in meeting the 7 per cent recovery target which the organization had previously recognized[1] as the target rate applicable to all third-party and trust fund contributions. With that recognition, however, came a policy decision to pursue a *gradual* alignment of all projects to the 7 per cent target. As a result, a rate range of 5 to 7 per cent was deemed appropriate in the short to medium term.

3. UNDP maintains that the variable indirect costs of general management support (GMS) are assessed at the aggregate level for both 'regular' and 'other' resources-funded programmes. The basic assumption is that all contributions – regardless of their origin – receive the same level of GMS from the organization. The nature of such costs makes it difficult to trace and apportion them to specific donor-financed programmes, projects, and activities. While the direct costs of supporting individual programmes and projects are known (as reflected in the specific project budgets), UNDP is not in a position to determine whether these programmes entail higher or lower indirect costs.

4. This report focuses on four main aspects. First, it provides a summary of the policy and a record of its implementation. Second, it details the rationale for the current rates in view of aggregate financial analysis and country-specific analysis. Third, it highlights the progress towards inter-organization policy harmonization. Last, it sets forth some recommendation for policy adjustments on the basis of implementation experience.

II. Summary of current policy principles and practices

5. As understood in UNDP (and most other United Nations organizations), cost recovery is the charge levied on other resources programme expenditures for the estimated incremental costs to UNDP associated with assuming the responsibility for managing the implementation of programmes funded through other resources.

6. The current policy, in use since 2004, is based on a harmonized set of principles and cost definitions common to United Nations organizations and endorsed by the Executive Board in its decision 2004/30 (see boxes 1 and 2). Four previous reports[2] elaborated on the current UNDP cost recovery policy based on the proportionality argument and harmonized cost recovery principles among United Nations Development Group (UNDG) member organizations.

[1] See *UNDP strategic cost management and implications for cost recovery* (DP/2004/35)
[2] DP/2004/35, DP/2005/CRP.4, DP/2005/CRP.5, and DP/2006/41

Box 1. Harmonized cost recovery principles

1. In a multi-funded organization (having regular and other resources) each source of funding should bear all attributable costs for the necessary management provided by the organization.

2. All costs can be classified into 'direct', 'fixed indirect', and 'variable indirect' costs, based on the mandate and business model of each organization (see box 2).

3. While United Nations organizations have agreed on a common definition of cost categories, each organization needs to match its costs against those categories in order to make them meaningful. Cost recovery would generally apply to variable indirect costs. In organizations without untied contributions, all indirect costs must be recovered.

7. Harmonized cost definitions in particular, as summarized below, are highly relevant in the context of current UNDP cost recovery practices.

Box 2. Cost classification – harmonized cost definitions

Direct costs. Direct costs are all costs that are incurred for and can be traced in full to the activities, projects and programmes of an organization in fulfilment of its mandate. Included are the costs of project personnel, equipment, project premises, travel and any other inputs necessary to achieve the results and objectives established for programmes and projects.

Fixed indirect costs. These are all costs incurred by the organization regardless of the scope and levels of its activities that cannot be traced unequivocally to specific activities, projects or programmes. These costs typically include the top management of an organization, its corporate costs, and statutory bodies not related to service provision.

Variable indirect costs. Variable indirect costs are all costs incurred by the organization as a function and in support of its activities, projects and programmes, that cannot be traced unequivocally to specific activities, projects or programmes. These costs typically include services and administrative units, as well as their related system and operating costs.

8. In UNDP, cost recovery applies to the *variable indirect* and *direct* cost components. These are expressed as two distinct categories of programme support services, namely, GMS (indirect costs) and implementation support services (ISS – direct costs).

9. GMS encompasses general oversight and management functions of UNDP headquarters and country office units. These constitute variable indirect costs incurred by UNDP as a whole for specific services, such as, for example:

(a) Project identification, formulation, and appraisal;
(b) Determination of execution modality and local capacity assessment;
(c) Briefing and debriefing of project staff and consultants;
(d) General oversight and monitoring, including participation in project reviews;
(e) Receipt, allocation and reporting to the donor of financial resources;
(f) Policy advice and technical backstopping;
(g) Knowledge management and transfer; and
(h) Systems, information technology infrastructure, and branding,

10. For third-party cost sharing and trust funds, the current policy prescribes a GMS rate in the 5-7 per cent range on each contribution. For programme country contributions, the rate is 3 per cent, assessed on the whole portfolio of contributions.

11. Although the present report focuses specifically on the *variable indirect costs* incurred in providing general management support to UNDP programmes, it should

be noted that it is the policy of UNDP to charge to projects all *direct* ISS costs (provided mainly by country offices). These include:

(a) Payments;
(b) Recruitment of staff;
(c) Procurement of services and equipment;
(d) Organization of training activities;
(e) Travel authorization; and
(f) Shipping.

12. As they represent two distinct cost categories, GMS and ISS are not fungible. Only GMS costs are recovered on the basis of a percent fee. With respect to ISS, since these are actual costs of providing implementation support to a specific project, project budgets should identify these direct costs and charge them as programme costs.

III. Policy implementation assessment

13. Between 2004 (when the policy was introduced) and 2006 UNDP made considerable progress in increasing the average cost recovery rate and met the target rate for programme country contributions (3 per cent). However, the gradual objective of an average target rate of 7 per cent GMS for third-party cost sharing has not been met to date. In that regard, UNDP consistently monitors GMS policy compliance by country offices as reflected in two 'balanced scorecard' indicators which measure, for each office, the ratio between total non-core programme expenditure and GMS charges. Table 1, below, presents an aggregate GMS analysis for the two categories of donor cost-sharing, local (3 per cent target) and third-party (5-7 per cent target). The rates identified represent how much of total programme expenditure has been recorded as general management support. Annex 1 presents a region-by-region breakdown of cost-recovery income earned.

Table 1. Aggregate GMS rate (all country offices), 2004-06

Type of cost-sharing contribution	2004	2005	2006
Trust funds and third-party cost sharing (target: 5-7%)	2.6%	3.7%	4.6%
Programme country cost sharing (target: 3%)	2.9%	3.4%	3.0%

**Source: UNDP balanced scorecard. Excludes trust funds where GMS is recovered centrally at the fund manager level and subsequently distributed to country offices.*

It is important to emphasize that the above data refers to country offices expenditures only; that is, it excludes centrally managed trust funds (such as the Global Environment Facility and the thematic trust funds) for which the GMS rate is set centrally and in compliance with the current minimum policy target (5 per cent).

IV. Calculation of programme variable indirect costs

14. Over the last several years, UNDP has been engaged in a dialogue with the Executive Board on what constitutes the appropriate level of recovery to offset the costs incurred by these organizational units in providing GMS to programme. This

assessment of cost recovery policy effectiveness, therefore, also provides some elements of analysis and identifies a desirable target rate against which the policy can be benchmarked.

15. Any method of determining support cost rates will attempt to establish "what share of the costs associated with existing administrative and other support structures are appropriately borne by core resources and what must be borne from extrabudgetary resources"[3]. The approach to determining the technically appropriate proportion of cost recovery requires examining the aggregate amounts required to support the programme.

16. The key factors in determining the required aggregates are (a) the levels of both the programmes and the support costs; and (b) the levels of fixed support costs related to core UNDP functions. The second factor consists of the 'base structure' of UNDP, which is that portion of the support budget that finances its basic platform. The 'base structure' concept was introduced in document DP/2003/28. This is the minimum capacity that the organization needs in order to be able to deliver on its core mandate on account of its global geographical coverage. The base represents the fixed costs of the organization and is always funded from regular resources.

17. In line with the harmonized cost recovery principles (box 1 above), these fixed costs of the base must be subtracted from the overall support costs in order to determine the share of variable indirect costs to be apportioned proportionately between regular and other resources.

18. While the base structure concept remains constant, the size may change from time to time, given different functions and programme or management mandates. The most accurate data currently available regarding the base structure is taken from the 2006-2007 biennial support budget (DP/2005/31). For the 2006-2007 biennium, UNDP has reviewed the core net biennial support budget level of $719 million (excluding UNCDF) and has determined that a total of $446 million, or 64.1 per cent of the total (or 51 per cent of total number of posts funded from regular resources), represents the base structure of the organization. This amount was determined by taking the cost of all core posts allocated to the base structure functions and adding to that the proportionate share of non-staff costs from the total support budget. The funding proportion can be confirmed in general terms by reviewing table 5 in the 2006-2007 biennial support budget[4].

19. In addition to the base structure, several other cost elements within the biennial support budget totals should be removed from the total because they do not represent management costs related to oversight of the programmes[5]. Following these adjustments, it is thus possible to determine the amount of variable indirect costs that should be apportioned proportionally between regular and other resources.

[3] See JIU/REP/2002/3, *Support costs related to extrabudgetary activities in organizations of the United Nations System*, Joint Inspection Unit (2002), p. 11.

[4] See DP/2005/31, Table 5

[5] Within regular resources, the income to the budget (which consists of GLOC, support for UN Volunteers and adjustments for tax reimbursements) should be subtracted. In the category of other resources, reimbursements relating to headquarters services to other agencies are removed, as are the listed extra budgetary costs for the Inter-Agency Procurement Support Office and for United Nations Volunteers. Adjustments are also required for: (a) the amounts of implementation support services included in cost recovery (which should be direct project costs); (b) the cost of staff managing specific trust-fund support in the Bureau for Development Policy; and (c) the cost of services provided by country offices to other United Nations organizations (similar to the headquarters reimbursements).

The objective of the policy is to apportion these variable costs proportionally between regular and other resources.

20. Based on these key methodological assumptions, this section provides two analyses (detailed in tables 4 and 5 in annex 1) aimed at establishing the target rate range. The first analysis looks at the overall programme and support levels for donor resources (regular and extra budgetary resources) and estimates for the 2006-2007 biennium included in the biennial support budget. The second verifies the validity of the first analysis by looking at available 2006 expenditure data instead, as opposed to budget figures. The two analyses reveal that over the 2006-2007 biennium, UNDP variable indirect costs were in the 7-8 per cent range.

21. Taking aggregate budget figures estimated in the 2006-2007 biennial support budget, the resulting calculation shows that the aggregate net management costs for all donor resources (regular and extrabudgetary) is slightly over 8 per cent (see annex 1, table 4).. By that analysis, based on budget estimates UNDP would then have to charge GMS at rates closer to 8 per cent in the aggregate in order to achieve proportional burden-sharing of its management costs (net of the base structure).

22. At the same time, it should be noted that that percentage might slightly overstate the amount of support for those programmes because, in recent years, other resources contributions have significantly exceeded the amounts estimated at the start of the biennium, while management costs have not increased at a similar pace.

23. Thus, when considering the actual expenditure performance for 2006, the same analysis (see annex 1, table 5) shows that aggregate variable indirect costs for donor (multi- and bilateral) resources comprise 7 per cent of total programme expenditure.

24. Based on the analyses above, it is important to point out that the 'ideal' GMS rate is at best a moving target, in that it varies from year to year based on the actual regular and other resources delivery. Therefore, the ideal applicable rate during the current biennium may well change during the next one, as a function of both regular and other resources. Nonetheless, it is reasonable to conclude that, in aggregate, a proportional support rate for donor-financed programmes is somewhere between 7 and 8 per cent.

25. On a related level, members of the Board have shown an interest in understanding whether certain types of projects and programmes cost more than others to manage and oversee. It has been argued that there are differences between projects consisting principally of a few large procurements and those that involve much more hands-on oversight. Determining precisely what those differences are, however, would be relatively expensive, involving very detailed observation of management both in country offices and at headquarters. To do that would entail undertaking much more detailed reviews, arranging visits to the selected countries and conducting in-depth interviews with staff to determine the amount of time spent providing management and oversight for specific activities.

26. A key question in this context is how the results of such a study would be used. The intent at present is to establish a single, harmonized rate or set of rates that will apply throughout UNDP and the other agencies, funds and programmes. Would a study that showed, for example, that large procurement projects cost 5 per cent to administer while others cost, say, 9 per cent to oversee, affect that overall decision? If UNDP were considering instituting a 'user fee' or, more precisely, a 'donor fee' system based on a sliding scale to cover management costs, it would be worth undertaking detailed studies before doing so. Such a system would be more complex to administer and monitor, and, more importantly, could impel donors to invest more

in projects that cost less to administer rather than those that are most important for development. Further, its application might lead to considerable delays or inefficiencies in the negotiation of each contribution.

27. In conclusion, technical criteria, as identified in this section, allow the organization to determine with satisfactory accuracy what an 'ideal' cost recovery rate for indirect costs might be. Ultimately, the adoption of a specific cost recovery rate by the organization is dependant on a number of factors in addition to the overarching objective to distribute the cost of key investments in support functions proportionately among regular and other resources. The additional factors shaping the policy include the need for strategic investments, ease of application, and harmonization priorities.

V. Progress towards interagency harmonization of cost recovery rates

28. Rate harmonization remains an important driver of any policy review process. As noted in DP/2006/41, much progress has been made in this area with the recent decision by UNDG 'ExCom agencies' (UNDP, UNFPA, the United Nations Children's Fund, and the World Food Programme) to align their cost recovery rates at 7 per cent for multi-donor trust funds and joint programmes. A significant prompt for the rate harmonization exercise came from the Joint Inspection Unit (JIU), whose 2002 report[6] recommended harmonization around a single rate stemming from the common cost-recovery principles and definitions (see chapter II). At its meeting on 14 September 2006, the UNDG Management Group reiterated its endorsement of a proposal submitted in June 2006 by the above four organizations on the harmonization of cost-recovery rates for these increasingly relevant funding modalities.

29. While it is premature to report on the initial results of the harmonized practice, some important considerations should be made that may guide future interactions with the Board. First, the main concern of the harmonization exercise is to send a strong signal to the donor community in line with the goals of United Nations reform. Donors have traditionally been faced with a fragmented picture of support costs, with different organizations charging differing rates. Rate harmonization is expected to provide an incentive to donors to continue to assign resources through joint programming and multi-donor type funds, which imply increased efficiencies.

30. However, it should be noted that different organizations have traditionally presented differing cost recovery approaches, chiefly because no two share exactly the same cost structure. Technically, the peculiarities of each organization make it challenging to establish that they share exactly the same level of management structures and costs, which would justify the 7 per cent rate approach. For instance, a significant portion of the other resources portfolio of UNDP represents resources mobilized locally and directly by country offices. Other organizations may work predominantly through, say, centrally-negotiated trust fund agreements. It is legitimate to speculate that the management costs may vary because of differences in the manner in which funds are mobilized, received, and reported on under the two funding modalities. Cost-recovery rates alignment, therefore, must take place within

[6] See *Support costs related to extrabudgetary activities in organizations of the United Nations system* (JIU/REP/2002/3).

reason and should be thoroughly tested, limited at first to the multi-donor trust fund and joint programming context.

VI. Policy reformulation and conclusions

31. The elements of analysis presented in this paper show that the current flexibility (in the 5-7 per cent range), by implicitly accepting 5 per cent as the acceptable level of GMS charges, runs counter efforts to achieve full proportionality. In that respect, UNDP has concluded that a 7 per cent flat fee on trust funds and third-party cost-sharing would be more closely aligned with what is considered the appropriate rate required to avoid undue subsidization by the biennial support budget. Furthermore, that rate is consonant with the recent inter-organization simplification and harmonization efforts, and, in particular the recent consensus by UNDG ExCom agencies to align their respective cost recovery rates (see chapter V, above).

32. Additionally, a strong case can be made that increased cost recovery would translate into augmented management resources for key investment areas. (A recent JIU report, for example, suggests that there should be increased investment in oversight functions across the United Nations system[7]. Similarly, there is an argument that management fees should include a measure of risk management connected to the additional potential liabilities of handling other resources. Moving to 7 per cent GMS could thus make additional resources available to the organization with which to support its substantial other resources portfolio.

33. It is therefore proposed that, as a general rule, all *new* other resources contributions (that is, contributions received after the annual session of the Board 2007), in the form of third-party cost-sharing, trust funds, and special activities contributions should be subject to a flat cost-recovery rate of 7 per cent, thus eliminating the range of 5-7 per cent within which UNDP was expected to set the GMS rate according to unspecified criteria. GMS for programme country cost-sharing would continue to be 3 per cent.

Table 2. Proposed GMS rates applicable to different types of contribution

Type of contribution	GMS rate
All third-party cost sharing and trust fund contributions	7 per cent
Programme country (Government) cost-sharing	3 per cent

34. Such a fixed-rate policy would eliminate the tendency to negotiate GMS, as presently happens by virtue of the 'range' approach. Such negotiations are costly and time consuming, and delay the commencement of development assistance.

35. It should be emphasized that, if endorsed, this proposed policy adjustment would be limited to trust-fund and third-party contributions received by the organization after its endorsement. It would be unrealistic to expect current agreements to be retrofitted and donors to agree to apply a GMS increase to programmes currently under implementation or to contributions scheduled to be received as part of existing agreements. In the short to medium term, the legacy of existing agreements for which GMS has been stipulated below 7 per cent is likely to result in aggregate recovery rates that are somewhat below the policy target.

[7] See JIU/Rep/2006/2.

36. The above consideration must inform any attempt to project the amounts of extrabudgetary income (in the form of GMS recovery) over the next several years. A reasonable assumption would be that initially some 30-50 per cent of programming will carry legacy rates below 7 per cent. Based on that legacy assumption, and on the other resources income projections contained in the draft UNDP strategic plan, 2008-2011 (DP/2007/19) currently under discussion, a successful 7 per cent GMS recovery on all new third-party (bi- and multilateral) donor contributions would likely yield additional extrabudgetary income from GMS somewhere in the range of $20-30 million in the first year.

37. Finally, the desirability of maintaining some degree of authority to grant exception to the 7 per cent flat rule should be noted. UNDP argues that some flexibility should be retained to accommodate specific donor contributions where strategic partnership and size of contribution play a major role. It has been argued that the volume of contribution should drive the rate at which support costs are charged since economies of scales lead to efficiencies and savings. The current UNDP policy implicitly recognizes that argument in that it recommends a 3 per cent rate for programmes funded through programme country (local) resources.

38. A GMS rate driven by volume might possibly act as an incentive for donors to make larger contributions, although it is difficult to establish a causal link between current policy and size of contribution. UNDP carried out a sample analysis of other resources contributions received in 2005 over $1 million, as summarized in table 3.

Table 3. Other resources contributions over $1 million received in 2005

	No. of contributions	%
Above $100m	1	0.19%
Between $100million and $50 million	2	0.37%
Between $50 million and $25 million	8	1.49%
Between $25 million and $15 million	15	2.79%
Between $15 million and $10 million	19	3.54%
Between $10 million and $5 million	52	9.68%
Between $5 million and $1 million	440	81.94%
Total number of contributions	537	

39. The median contribution in this sample amounted to $2.2 million. Over 80 per cent of contributions were between $1 million and $5 million. Further, even in case of larger contributions, these may come to UNDP in a number of separate tranches which require dedicated recording and reporting. The methodology used by UNDP aims to apportion all attributable variable indirect support costs proportionately between regular and other resources in the aggregate, not at the project level. It would be impractical to prescribe an artificial GMS 'discount' mechanism that would assign lower GMS rates to larger contributions. That would make policy application more cumbersome, as has been demonstrated by the experience of other United Nations organizations.

40. Instead, UNDP should retain its ability to provide such discounts on the basis of an ad hoc case to be made for a specific contribution where it is apparent that the volume of the contribution far exceeds the current norm. Such exceptions to the 7 per cent rule would have to be cleared through a case-by-case review mechanism that would take into account specific strategic priorities and harmonization goals.

41. Finally, in the interests of overall efficiency, the revised policy should simplify the current approach for the recovery of ISS.

42. In the light of the past several years of implementation, the recovery of ISS presents unique implementation challenges related to 'transactional' ISS, that is, implementation services traceable to specific transactions. This includes the cost to UNDP of making a payment to a vendor or carrying out a recruitment action. According to the current policy, offices are to recover these transaction costs for ISS by charging a set fee to the project budget for each transaction. However, offices have pointed out that policy application can be very labour intensive: technically, each time a transaction is provided to a project, a bill line needs to be created in the system, properly referenced, and charged against the relevant budget line. This process can be burdensome and may not always result in efficient use of time.

43. Consequently, UNDP will no longer recover ISS through a charge based on the transactional count of ISS provided to projects and programmes funded from other resources. Country offices are encouraged to identify in the design of projects all the necessary support elements, and to establish corresponding budget lines in the programme budgets for these direct costs, consistent with the harmonized cost definitions in box 2, above.

Annex 1. Calculation of programme variable indirect costs for general management support

(a)

Table 4. Variable indirect costs based on estimates contained in the biennial support budget, 2006-2007 *(in millions of dollars)*

Category	Regular resources	Other resources[1/]	Total
Estimated programme, 2006-2007	1,190	2,842	4,032
Net support to the biennial support budget, 2006-2007	648	130	778
Less base structure	(446)		(446)
Variable indirect costs	202	130	332
Variable indirect costs as % of programme	17.0%	4.6%	**8.2%**

[1/] Excludes programme country cost-sharing, and direct support costs to programme and funds

Table 5. Variable indirect costs for regular and other resources based on actual expenditure for 2006 *(in millions of dollars)*

Category	Regular resources	Other resources	Total
Programme expenditure, 2006 p	557 [1/]	1,981 [2/]	2,538
Biennial support budget expenditure, 2006	289 [3/]	88 [4/]	377
Less base structure	(199)		(199)
Variable indirect costs	90	88	178
Variable indirect costs as % of programme	16.2%	4.4%	**7.0%**

[1/] Regular resources expenditure includes $532 million related to programme lines. See document DP/2007/17/Add.2, Table 3.

[2/] Other resources expenditure: includes multi- and bilateral donor resources. Excludes local resources. Source: DP/2007/17/Add.2, Tables 4 and 5 (a).

[3/] Biennial support budget expenditure: actual expenditure (preliminary figures for 2006) minus biennial support budget income and UNCDF.

[4/] UNDP estimates of the proportional share of 2006 extrabudgetary expenditure (excludes ISS, UNDP services and GMS charged to local resources.

Annex 2. General management support as a percentage of programme, 2004-2006: regional overview

Table 6. Cost recovered from programme country cost-sharing, by region
(in dollars)

Region	2004 Total programme expenditure	2004 GMS collected	2004 GMS recovery rate	2005 Total programme expenditure	2005 GMS collected	2005 GMS recovery rate	2006 Total programme expenditure	2006 GMS collected	2006 GMS recovery rate
Africa	$4,029,559	$175,626	4.36%	$19,424,517	$947,311	4.88%	$38,777,783	$1,611,514	4.16%
Asia Pacific	$23,992,574	$82,601	0.34%	$12,231,333	$51,770	0.42%	$19,734,810	$203,261	1.03%
Arab States	$46,897,322	$1,195,681	2.55%	$60,138,213	$2,055,728	3.42%	$82,986,514	$2,746,681	3.31%
Europe/CIS	$40,528,979	$1,517,806	3.74%	$64,956,834	$2,159,092	3.32%	$72,211,238	$2,356,060	3.26%
Latin America	$921,897,120	$27,327,192	2.96%	$970,602,597	$33,506,561	3.45%	$1,144,547,336	$34,176,100	2.99%
Grand total	$1,037,345,554	$30,298,905	2.92%	$1,127,353,493	$38,720,461	3.43%	$1,358,257,680	$41,093,616	3.03%

Source: Atlas general ledger data, charges to accounts 75105, 75110 and 75115

Table 7. Cost recovered from trust funds and third-party cost sharing*, by region
(in dollars)

Region	2004 Total programme expenditure	2004 GMS collected	2004 GMS recovery rate	2005 Total programme expenditure	2005 GMS collected	2005 GMS recovery rate	2006 Total programme expenditure	2006 GMS collected	2006 GMS recovery rate
Africa	$189,878,624	$6,162,902	3.25%	$491,810,062	$18,309,418	3.72%	$512,155,844	$24,085,954	4.70%
Asia Pacific	$499,286,292	$12,489,195	2.50%	$634,039,840	$16,715,536	2.64%	$393,363,358	$18,019,375	4.58%
Arab States	$138,712,326	$1,609,068	1.16%	$209,149,726	$15,607,430	7.46%	$206,618,308	$8,027,967	3.89%
Europe/CIS	$102,812,141	$3,098,599	3.01%	$148,793,231	$5,666,114	3.81%	$127,037,714	$7,043,299	5.54%
Latin America	$144,715,496	$4,599,855	3.18%	$182,700,907	$5,872,342	3.21%	$144,488,540	$6,266,433	4.34%
Grand Total	$1,075,404,879	$27,959,620	2.60%	$1,666,493,764	$62,170,841	3.73%	$1,383,663,764	$63,443,027	**4.59%**

**Excludes centrally managed trust funds, for which GMS is recovered at 5% minimum.*
Source: Atlas general ledger data, charges to accounts 75105, 75110 and 75115